ALBERTA TRANSPORTATION

Annual Report
2003-2004

Alberta
TRANSPORTATION

105-02445/

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PREFACE

PUBLIC ACCOUNTS 2003-04

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 29, 2004 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Transportation contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statement, to the extent that the Ministry has anything to report.**

MINISTER'S ACCOUNTABILITY STATEMENT

The Ministry's Annual Report for the year ended March 31, 2004, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at *(September 3, 2004)* with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Ed Stelmach
Minister of Transportation

MESSAGE FROM THE MINISTER

Safety and stability defined the 2003-04 fiscal year for Alberta Transportation.

After many years of development and input from thousands of Albertans, the new *Traffic Safety Act* became law on May 20, 2003. The new act amalgamated four previous acts into one and is among the most comprehensive legislation of its kind in North America. The *Act* introduced new initiatives such as Graduated Driver Licensing (GDL) to give new drivers more experience behind the wheel in less demanding situations before granting them full licences. Similar programs in other provinces have reduced collision rates for new drivers and I'm confident Alberta's new GDL will do the same.

The *Traffic Safety Act* also substantially increased traffic fines. Alberta's traffic fines had not been reviewed for over a decade and were consistently the lowest among provinces. The new fine schedule brings Alberta's fines in line with those in other provinces. The new fines also better reflect the seriousness of the offences and send a strong message to drivers that there are consequences for breaking the law.

Speaking of safety, in February 2004, I commissioned Don McDermid, (RCMP 'K' Division, Assistant Commissioner, Retired) to conduct an independent review of the Ministry's current traffic safety programs. Though the Traffic Safety Initiative has created valuable programs since its 1996 inception, collision rates continue to rise. The review's findings and recommendations will be released in the fall of 2004.

The 2003-04 fiscal year also marked the first Ministry budget prepared under Alberta's new fiscal framework. It appears to have worked well to date, and has brought some stability and predictability to Alberta Transportation's budgeting and planning processes. In turn, this stability helps our construction, consulting, and municipal partners plan their operations more effectively. Stable funding for transportation infrastructure is essential to Alberta's continuing prosperity. Since over 60 per cent of the province's economy is export-based, the need to move goods and people safely and efficiently is paramount.

The new fiscal framework also provides the flexibility to look at alternative financing for new construction. To that end, an Alberta Transportation team developed a unique, made-in-Alberta public-private partnership (P3) model for highway construction. The model is being tried on the southeast leg of Edmonton's ring road. Industry response to the Request for Qualifications was better than expected and the Ministry was able to qualify three consortiums for the Request for Proposals phase. The Ministry expects to pick the successful contractor by late fall 2004 and construction could begin soon after.

Staying with ring roads, the federal government tentatively agreed in May 2003 to provide $150 million towards ring roads in both Calgary and Edmonton through the Canada Strategic Infrastructure Fund. The Province will match the federal funding. The funds will be used for the previously mentioned southeast leg (Anthony Henday Drive) in Edmonton and the northwest leg (Stoney Trail) in Calgary.

Such collaboration with other governments continued during 2003-04. The Council of Western Ministers of Transportation continued to meet periodically to discuss harmonizing rules to eliminate barriers to the movement of goods and people between provinces and to adopt a united position on transportation issues of mutual concern.

The Governments of Alberta and British Columbia announced plans to build a joint-use commercial vehicle inspection station on Highway 1 near our provincial boundaries. The facility will save Alberta and B.C. taxpayers an estimated $2 million in capital costs and $300,000 in annual operating costs.

Alberta Transportation had a very successful construction season during the past fiscal year. Highlights included completion of the Deerfoot Trail Extension in Calgary in November 2003 and the continued development of Alberta's key highway trade corridors. The Little Bow Project (water management) was substantially completed in 2003 and secures water supplies for over 7,000 people in southern Alberta.

In closing, I wish to express how honoured I am to serve as Alberta's Transportation Minister and I look forward to serving the people of Alberta in the future.

Ed Stelmach
Minister
Alberta Transportation

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The Ministry of Transportation includes the Department of Alberta Transportation and the Transportation Safety Board. The executives within the Ministry have the primary responsibility and accountability for the Ministry. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Transportation. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Transportation any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives within the Ministry.

Jay G. Ramotar
Deputy Minister
Alberta Transportation
September 3, 2004

TRANSPORTATION FACTS FOR ALBERTA

Roads

- Alberta has approximately 30,800 kilometres of roadway in the provincial highway network. Over 26,200 kilometres of these highways are paved. The rest are gravel.
- There are 3,870 bridge structures on the provincial highway network, and about 8,800 bridges on the local road system.

Drivers

- Alberta has approximately 2.4 million licensed drivers and 3.4 million registrations.
- Almost 297,000 of the 2.4 million licensed drivers are designated as professional drivers.

Airports

- Alberta's two international and nine regional airports handled over 12.5 million passengers during 2003.
- There are 72 paved community airports in Alberta.

Rail

- Alberta has approximately 7,500 kilometres of rail line. Approximately 45 million tonnes of freight are shipped from Alberta and 13 million tonnes of freight are shipped to Alberta by rail each year.
- Alberta railway legislation covers the operations of four public railways that operate on approximately 690 kilometres of intra-provincial rail line, 141 industrial railways and four amusement railways.

Motor Carriers

- There are approximately 15,600 licensed motor carriers in Alberta. With the planned introduction of a lowered vehicle weight threshold for licensing and monitoring, there will be approximately 21,000 motor carriers licensed in Alberta.

OPERATIONAL OVERVIEW

OUR VISION

Alberta Transportation will be a centre of excellence for transportation in North America.

OUR MISSION

Through effective programs and partnerships, provide a safe, sustainable transportation network and environmentally safe water and wastewater infrastructure.

OUR CORE BUSINESSES

1. **Manage transportation safety programs:**

This core business includes vehicle/driver safety programs, driver licensing standards, driver license monitoring and enforcement, impaired driver remedial programs, construction, maintenance and operation of vehicle inspection stations, dangerous goods control and monitoring the motor carrier industry and provincial railways. Also includes the Traffic Safety Initiative, which is a collection of safety measures and initiatives developed and delivered with stakeholders (e.g. child traffic safety, snowmobile safety campaign, summer Joint Forces Check-Stop Campaign, and safety education programs built into school curriculum through Alberta Learning).

2. **Manage the provincial highway network:**

Activities undertaken under this core business include managing the highway planning, design construction, maintenance and rehabilitation using private sector resources, long range planning of the highway network, enforcement of commercial carrier weights and dimensions, and development of standards for provincial highways. The ministry also leads the Capital Planning Initiative.

3. **Support economic development:**

Alberta Transportation supports economic development by partnering with municipalities on local transportation and water/wastewater infrastructure through the delivery of various programs and continuing to twin the North-South Trade Corridor and develop urban corridors such as the Calgary and Edmonton ring roads. Other core business activities include managing the design, construction, rehabilitation and maintenance of water management infrastructure, pursuing harmonization of commercial carrier standards with other jurisdictions, and supporting barrier free transportation initiatives.

4. **Represent Alberta's interests in transportation policy:**

The ministry works with the federal government and other jurisdictions on intermodal strategies (road, air, rail, port) and to support intergovernmental and cross-ministry initiatives. Alberta Transportation also continues to research and plan the implementation of Intelligent Transportation Systems for the benefit of Albertans.

OUR CORE VALUES

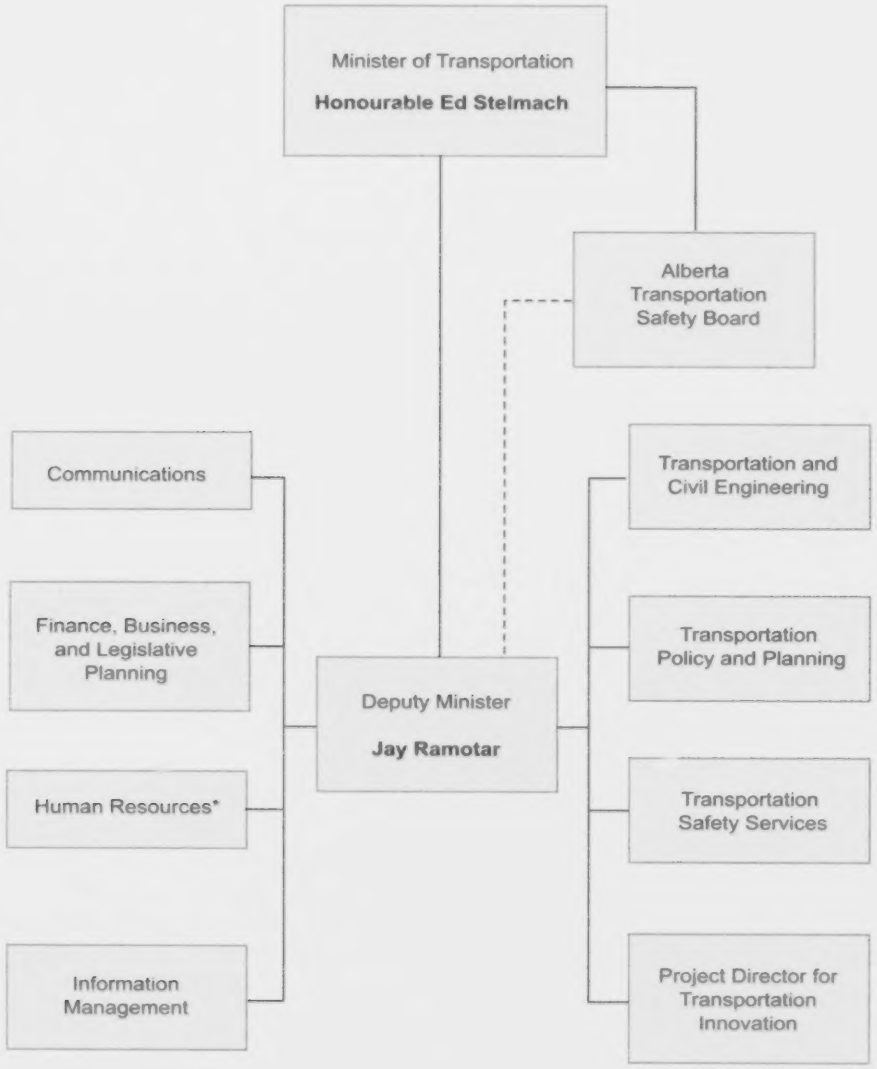
Results Based Values: ongoing evaluation of performance and results, quality service to Albertans and accountability for the use of public resources

Professional Values: innovation, leadership, cooperation and collaboration with partners and stakeholders

Ethical Values: honesty, integrity, impartiality and ethical behaviour

People Values: teamwork, recognition, empowerment and professional development of staff

MINISTRY ORGANIZATION



*Shared with Alberta Infrastructure

MINISTRY CONTACTS

Minister of Transportation
Honourable Ed Stelmach
telephone: (780) 415-9390
fax: (780) 415-9412

Deputy Minister of Transportation
Jay G. Ramotar
telephone: (780) 427-6912
fax: (780) 422-6515

Transportation Safety Board
Gary Boddez, Chair
telephone: (780) 427-8623
fax: (780) 422-9739
email: gary.boddez@gov.ab.ca

The Alberta Transportation Safety Board is a combination of the previous Driver Control Board and Motor Transport Board. The Board functions as the final administrative authority charged with making operator licence determinations. The Board conducts hearings in relation to the reinstatement of licences for suspended drivers through the Alberta Administrative Licence Suspension Program (AALS) and the Alberta Zero Alcohol Tolerance Program (AZAT), impaired driving convictions through the Ignition Interlock Program and the Vehicle Seizure Program. In addition, the Board functions as the appeal body for decisions of the Registrar, relating to driver training schools, driver instuctors, driver examiners, vehicle inspection stations, vehicle inspection technicians, safety fitness certificates, carrier safety ratings and administrative penalties assessed. The Board is responsible for appeals surrounding decisions and actions taken under the *Railway (Alberta) Act*.

Transportation and Civil Engineering
Rob Penny, Assistant Deputy Minister
telephone: (780) 422-2184
fax: (780) 415-1268
email: rob.penny@gov.ab.ca

Plans, programs and delivers provincial highway construction and rehabilitation projects, as well as numerous special projects, such as the North-South Trade Corridor. Manages provincial highway maintenance activities and the construction, rehabilitation and upgrading of water management facilities. Also responsible for grant programs for municipal transportation, water/wastewater and the Infrastructure Canada-Alberta Program (ICAP).

Transportation Policy and Planning
Brian Marcotte, Assistant Deputy Minister
telephone: (780) 415-1386
fax: (780) 427-1066
email: brian.marcotte@gov.ab.ca

Provides long-term strategic planning of the provincial highway network. Reviews impacts of major development on the roadway system. Develops provincial policies pertaining to highways and municipal transportation, as well as motor carriers (truck and bus), rail and air modes of transportation, from the perspective of passengers, shippers and carriers. In addition, influences national and international policy on national highways, rail, air, inter-city bus, ports/marine operations, border crossing services, and coordinates various barrier free transportation and climate change initiatives. Takes the lead role on major transportation policy reviews, leads the cross-government Capital Planning Initiative, and participates on the cross-government Aboriginal Policy Initiative.

Transportation Safety Services
Gregg Hook, Assistant Deputy Minister
telephone: (780) 415-1146
fax: (780) 415-0782
email: gregg.hook@gov.ab.ca

Oversees vehicle and driver safety services, driver licensing standards, driver fitness and licence enforcement, road safety information and programs, impaired driver prevention programs, dangerous goods control, and monitoring the motor carrier industry and provincial railways. Administers over-weight and over-dimension highway permits and commercial vehicle inspection station services. Transportation Safety Services also undertakes various educational initiatives aimed at the traveling public, commercial carriers and shippers, pedestrians, schools, and other interest groups.

Director for Transportation Innovation
Alan Humphries, Director
telephone: (780) 415-1339
fax: (780) 427-0369
email: alan.humphries@gov.ab.ca

Alberta Transportation's record of thinking and acting creatively is demonstrated by re-engineering, outsourcing, and leading edge work on infrastructure management, and has been recognized through many awards. To further that entrepreneurial approach, the Deputy Minister created the position of Director for Transportation Innovation. To foster ongoing innovation and improvement by the department, exciting and progressive ideas to improve our business processes and management practices are considered. Staff and stakeholders are involved with implementing and monitoring the success of selected priority innovations and continuous improvement initiatives.

Communications
Leanne Stangeland, Director
telephone: (780) 415-1841
fax: (780) 466-3166
email: leanne.stangeland@gov.ab.ca

Provides strategic communications planning and consultation for the offices of the Minister, Deputy Minister and the Ministry. Services include media relations, issues management, strategic communications planning, speech writing, news releases, web site content, advertising copy, and other support materials, as well as graphic design support for the Ministry. Answers and coordinates the Ministry's information line and web site mail, and handles communications during dangerous goods incidents.

Finance, Business and Legislative Planning
Winnie Yiu-Yeung, Executive Director
telephone: (780) 427-1440
fax: (780) 415-1219
email: winnie.yiu-yeung@gov.ab.ca

Provides financial, business and legislative planning support for the Ministry. Manages the development of operational, business and strategic plans and the annual report, including performance measures. Plans, prepares, monitors and analyzes ministry budgets as well as the Capital Planning Initiative and develops and implements budgeting policies. Coordinates development and implementation of financial systems and provides financial reporting and analysis. Also responsible for accounts payable and receivable, and capital asset management, as well as developing and implementing financial policies, procedures and controls. Leads development of reviews and changes to statutes and regulations, and preparation of documents such as Orders in Council and Ministerial Orders. Manages the *Freedom of Information and Protection of Privacy Act* process.

Human Resources
Brigitte Fulgham, Executive Director
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Provides human resources support for Alberta Transportation and Alberta Infrastructure. Coordinates the development and implementation of ministry human resource policies, programs and strategies and provides education and information on managing human resources. Provides quality assurance and contract management for transactional human resource activities undertaken through the Alberta Corporate Service Centre, including job classification, job evaluation, recruitment and selection, training and development, employee relations and occupational health and safety services. Coordinates the provision of education and human resource information for managers and supervisors to fulfill their leadership roles.

Information Management
Ken Bainey, Director
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fax: (780) 422-9193
email: ken.bainey@gov.ab.ca

Provides information management support for Alberta Transportation. Directs and delivers a range of information services and develops and implements information management technology policies and automated processes. Acts as the Ministry's Chief Information Officer and influences the information technology plans and direction of Alberta Government Information Technology. Also delivers Internet/Intranet management services and automated records management services for the Ministry.

SUMMARY OF KEY ACTIVITIES IN THE PAST YEAR

1. Manage transportation safety programs

The Traffic Safety Act came into force on May 20, 2003.

A workbook entitled "Geared to Go" was developed to assist parents and other persons in coaching new drivers. The workbook provides a detailed process for basic vehicle handling skills for most types of driving situations. It also deals with more complicated driving skills and abilities, such as high-speed merges, driving at highway speeds, traffic circles, one-way streets and dual turns. Adverse weather, night driving and information for emergency situations are also covered.

The Canadian Council of Motor Transport Administrators (CCMTA) has adopted the national strategy "Road Safety Vision 2010". One of the Vision's targets is to reduce the numbers of road users killed or seriously injured by 30 per cent in the 2008-10 period. To ensure Alberta is able to contribute to this national strategy and to make needed improvements in road safety, Don McDermid (RCMP 'K' Division, Assistant Commissioner, Retired) was contracted to review Alberta's road safety programs with the aim of finding the most effective ways to change driver behaviour and reduce collisions, injuries and fatalities on Alberta's roadways.

A project, undertaken by the Driver Fitness and Monitoring Branch, will focus on identifying high-risk drivers to curb dangerous driving behaviours. Currently, the driver record contains driver demographic information, conviction information and terms of suspension. Additional information related to driver's performance is not easily accessible. The Transportation Safety Services Division and the Alberta Transportation Safety Board have agreed on the need to develop a comprehensive Alberta Driver History Model and database to electronically capture and manage driver data. This approach would be unique in Canada and it would proactively identify "high-risk" drivers using a performance-based formula. This identification of high-risk drivers and historical research capability will enable the department and Board to take meaningful actions and sanctions to address high-risk driver behaviour.

The Information Management Branch implemented a wireless technology solution for the Transportation Safety Services Division which greatly improved the operations efficiencies of the business by improving the line speeds at vehicle inspection stations using Canopy wireless technology at Dunmore, Slave Lake, and Whitecourt.

The Alberta Assigned Vehicle Identification Number (VIN) program was redesigned and outsourced. The *Traffic Safety Act* (TSA) imposed a new requirement that a home built trailer must have an official VIN for the purpose of registration. The current 8-digit VIN numbering system will be replaced with a new 17-digit VIN numbering system compatible with the international VIN convention. This will provide a better safeguard against auto theft and insurance fraud. Prior to this year, the RCMP and municipal police services were responsible for administering Alberta's assigned VIN program. The new program has now been contracted out to the Insurance Bureau of Canada.

Alberta Transportation's Vehicle Safety Section, in conjunction with Alberta Government Services, introduced an innovative new program to reduce odometer fraud. Albertans are asked to supply odometer readings on a voluntary basis when registering a vehicle for the first time or renewing their vehicle registration. Odometers are sometimes rolled back to raise the value of previously owned vehicles. Capturing vehicle odometer readings at various points in the life cycle of the vehicle and allowing the public to access this information will help prevent this fraudulent practice. It also serves as an effective countermeasure against vehicle theft and changing the vehicle identification number on stolen vehicles.

A new Risk Based Audit Framework was developed to create a higher standard of evaluation for Alberta's licensed driver examiners. This new model is structured to permit departmental staff to better assess performance levels of all driver examiners by more readily identifying deficiencies and areas of improvement during monitoring sessions. Improved results will be achieved through better deployment of the department's human resources and through an increased number of audits, monitoring sessions, meetings and investigations in the event of poor performance by individual examiners. The department has entered into a partnership with Government Services to share resources for the investigation and resolution of unusual matters or poor practices relating to driver training, driver examinations and the overall licensing program. Additionally, specific training for Driver Programs Administrators has improved their skills in this area.

Alberta Transportation is working with Transport Canada and the province of Manitoba on a pilot software project for traffic safety related roadside data collection, the Traffic Related Electronic Data Strategy (TREDS). This cross-jurisdictional project will be piloting the use of software developed through the Iowa Department of Transportation. Several Alberta law enforcement agencies will be participating in this project. The objectives of the pilot project are to prove that the data collection software can be integrated with a minimum of two police systems for driver and vehicle data, and that forms development is relatively easy and straight forward. This pilot will include the collection of collision information, traffic violations and Commercial Vehicle Safety Alliance (CVSA) inspections at the roadside and data exchange through wireless communicating links to the province's motor vehicle system.

2. Manage the provincial highway network

The calibration, certification, repair and maintenance of Vehicle Inspection Station weigh scales has for many years been attended to internally. Outsourcing this function to the private sector has reduced costs of equipment and manpower.

The ministry continued deployment of the Transportation Information Management System (TIMS). TIMS is a state-of-the-art infrastructure management system with a focus on rationalization and optimization of the provincial highway infrastructure.

Alberta Transportation continued to lead the Capital Planning Initiative (CPI) in partnership with Alberta Infrastructure. Over 2003-04, the CPI developed and submitted the 2004-09 Proposed Capital Plan for Budget 2004, which provided a three-year plan for infrastructure investment in Alberta. The CPI collaborated on the development and refinement of the procedure for prioritizing capital projects across infrastructure types, performance measures and infrastructure management systems for all types of infrastructure.

ENVIRONMENTAL MANAGEMENT SYSTEM

In June 2003, Alberta Transportation launched the Environmental Management System (EMS) as a means to minimize the Department's impact on the environment, including land, water and air, and human health. An EMS is a formal and organized approach to managing environmental issues with the goal of making environmental considerations part of daily activities. The EMS applies to all Department staff and Service Providers.

3. Support economic development

The Dangerous Goods Section assumed the responsibility for overnight permit transactions for the Transport Engineering Branch in order to reduce the workload on Inspection Services, and improve services to commercial carriers. From a departmental perspective, this arrangement makes the best use of resources as the Dangerous Goods Section can easily handle the phone in permit requests with existing staff. In the long term it will be more effective for one office to handle all of the overnight permit applications rather than have this function rotate amongst three vehicle inspection stations. The change from Inspection Services to Dangerous Goods staff for overnight permit applications was transparent to the trucking industry.

Alberta Transportation developed a web interface for industry and agencies to submit permit applications directly into the permit system. In many cases where the weights and dimensions of the permitted vehicle are within a specified window, the permit can now be automatically approved by the system and returned directly to the applicant. The Transportation Routing and Vehicle Information System (TRAVIS) Web allows the carrier to bypass the phone queue and in most cases will result in much faster service to the client. This innovation also reduces the time our permit clerks have to spend entering the information over the telephone. Currently about seven per cent of the permit applications are received over the Internet.

Transportation led the development of a new tourism sign program consisting of Tourist Oriented Directional Signs (TODS) and Logo Signs, to support tourism growth in the Province. The new sign program was developed in co-operation with industry and government stakeholders, using standards common to North America and Europe. TODS and Logo Signs are replacing the outdated brown facility signs over the next two to three years, to enhance the ability for tourists to identify and locate Alberta's tourist attractions along provincial highways.

The Southeast Anthony Henday Drive Design, Build, Finance and Operate Request for Proposal is well underway. Treasury Board agreed that Alberta Transportation proceed with the public release of the Request for Qualification for delivering the Southeast Anthony Henday Drive as a Public-Private Partnership (P3) project.

Construction is anticipated to begin in the spring of 2005 and be completed and open for traffic in the fall of 2007, weather permitting.

The Little Bow Reservoir Project, located southwest of Vulcan, has been completed and was renamed the Twin Valley Dam and Reservoir by Premier Klein at the official opening on June 17, 2004. The reservoir has recently been filled primarily by the diversion of water from the Highwood River down the Little Bow Canal. The benefits of this project include: improved water quality and in-stream flows to benefit fish and recreation in the lower Highwood River, secure water supplies to over 7,000 municipal and domestic users as well as to 31,500 acres of irrigated farmland in the Little Bow River Basin, and restoration and stabilized water levels in Clear Lake for multi-purpose use.

4. Represent Alberta's interests in transportation policy

Developed the new Resource Road Program (RRP) which was announced on April 8, 2003, with an annual budget of $17 million for the next three fiscal years. This program provides funding assistance to local municipal road authorities for the movement of goods and people associated with new or expanded value-added processing facilities.

Alberta Transportation continued to implement the Intelligent Transportation Systems (ITS) Strategic Plan, including completion of the Highway 2 Blueprint study, and conducting the traffic safety data collection project to implement an electronic capture of violation, collision, and inspection information at the scene of an event by law enforcement officers.

Alberta Transportation continued to work with other provinces and territories through the Council of Deputy Ministers of Transportation, to urge the federal government to increase investment in transportation, such as highways, shortline rail, small airports and marine ports. In addition, submissions were made to reduce airport rents and security charges, expansion of "open skies" air bilateral agreements and increased financial flexibility to marine port authorities.

The Ministry signed a Memorandum of Understanding with the British Columbia Ministry of Transportation to pursue opportunities to establish joint-use vehicle inspection station facilities to streamline and improve the management and regulation of the motor carrier industry between the provinces.

RESULTS ANALYSIS

AUDITOR GENERAL *Alberta*

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

In connection with the Ministry of Transportation's performance measures included in the *2003-2004 Annual Report of the Ministry of Transportation,* I have:

1. Agreed information from an external organization to reports from the organization.

2. Agreed information from reports that originated within the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.

3. Checked that the presentation of results is consistent with the stated methodology.

4. Checked that the results presented are comparable to stated targets, and information presented in prior years.

5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2003.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the performance measures included in the *2003-2004 Annual Report of the Ministry of Transportation.*

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
August 3, 2004

EXPENSE BY CORE BUSINESS

Initially for 2003-04, Alberta Transportation received $1,296.2 million in approved Estimates. During the year the Estimates were increased to a revised target of approximately $1,296.6 million. The additional funding of $0.4 million during the fiscal year was to address increased expenditures in the Traffic Related Electronic Data Strategy (TREDS), the Child Traffic Safety Initiative and the National Safety Code programs. These increased expenditures were partially offset by increases in credit/recovery revenues.

Financial Resources
(in thousands)

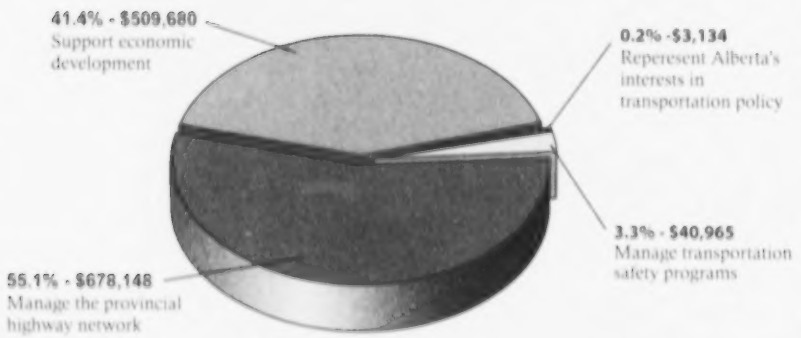
Planned Spending (Estimates)	1,296,198
Total Authorized	1,296,603
Actual Spending in 2003-04	1,231,928
Actual Spending in 2002-03	999,829

Human Resources

Budgeted FTEs* 877
Actual FTEs Utilized 848

*FTEs - Full Time Equivalent

Alberta Transportation
2003-04 Expenditures by Core Business
(Operating Expense and Capital Investment Combined)
(000's)



Approximately 55 per cent of Ministry actual operating expenditures and capital investment are related to Core Business 2: "Manage the provincial highway network".

Overall, Transportation's expenditures were lower than the authorized budget, and this under-expenditure was primarily due to:

- $15.3 million lapse to help address critical spending pressures experienced by other sectors in the government through deferral of proposed grant payments.
- $32.7 million under-expenditure in non-cash items including:
  - $29.6 million for amortization related to former secondary highways and $3.1 million for consumption of inventories
  - These non-cash items are not really money that can be spent on programs.
- $14.8 million lapse in Capital which, with Treasury Board approval, can be carried forward so it is available for programs in the new year.

Increased actual expenditures in 2003-04 compared to 2002-03 are primarily due to an overall increase in the 2003-04 budget.

EXPENSE BY FUNCTION

Alberta Transportation classifies their expenses into three functions: Transportation and Utilities, Protection of Persons and Property, and Agriculture and Economic Development. Each of these functions identifies the principal purpose for which Ministry expenditures are incurred.

Overall, approximately 95 per cent of the Ministry's expenditures relate to the Transportation and Utilities expense by function for the operation and maintenance of roads; approximately three per cent relates to Protection of Persons and Property for safety programs, and less than two per cent is for Agriculture and Economic Development.

Expense by Function (in thousands)	2003-04 Budget (Estimates)	2003-04 Actual	2002-03 Actual
Transportation and Utilities	845,849	798,395	641,030
Protection of Persons and Property	27,269	28,885	26,126
Agriculture and Economic Development	16,000	14,235	5,876
Total Ministry	889,118	841,515	673,032

Transportation and Utilities - Expense by Function

The Ministry's programs relating to the *Transportation and Utilities Expense by Function* include Provincial Highway Systems; Municipal Partnerships, including water/wastewater; Infrastructure Canada/Alberta Program; Program Support and Ministry Support Services; and non-cash programs (such as Amortization of Capital Assets and Consumption of Inventories).

The $47.5 million under-expenditure is primarily due to a $15.3 million lapse to help address critical spending pressures experienced by other sectors in the government; and a $32.6 million under-expenditure in non-cash items, offset by a net change of $0.4 million in other programs.

The $157.4 million increase in the 2003-04 Actual relative to 2002-03 Actual is due to the acceleration of 2002-03 grant payments to municipalities in 2001-02; additional funding to address high priority provincial highway rehabilitation, maintenance and minor construction projects; and increases in non-cash items to reflect the valuation adjustment for the former secondary highways which were transferred from the municipalities to the province.

Protection of Persons and Property - Expense by Function

The specific ministry programs linked to this function are the Transportation Safety Services and Transportation Safety Board programs.

The $1.6 million over-expenditure in 2003-04 is partly due to increases in the Traffic Related Electronic Data Strategy (TREDS), the Child Traffic Safety Initiative and the National Safety Code programs. These increased expenditures were partially offset by increases in credit/recovery revenues.

The $2.7 million increase in 2003-04 Actual relative to 2002-03 Actual is primarily due to the introduction of the *Traffic Safety Act*, Dangerous Goods Clear Language Regulations, the *Railway (Alberta) Act* and other regulatory changes.

Agriculture and Economic Development - Expense by Function

The *Agriculture and Economic Development Expense by Function* relates to the Resource Road program. This function includes a wide array of services related to the conservation and development of natural resources and the development and promotion of agriculture and other sectors of the economy.

The $1.8 million under-expenditure in 2003-04 Actual compared to the 2003-04 Budget is due to municipal project delays.

The $8.4 million increase in 2003-04 Actual relative to 2002-03 Actual is primarily due to additional projects being completed in 2001-02 rather than in 2002-03.

Discussion and Analysis of Results

In 2003-04, overall Ministry spending supported the following four core businesses:

CORE BUSINESS 1: MANAGE TRANSPORTATION SAFETY PROGRAMS

The specific Ministry programs linked to this core business include: Transportation Safety Services, Transportation Safety Board, and the Vehicle Inspection Station component of Other Road Infrastructure, and a portion of Ministry Support Services.

Financial Resources (in thousands)	Operating Expense	Capital Investment
Planned Spending (Estimates)	34,104	5,050
Total Authorized	34,509	5,050
Actual Spending in 2003-04	36,918	4,048
Actual Spending in 2002-03	33,579	4,167

Human Resources

Budgeted FTEs 352 Actual FTEs Utilized 335

Together these programs improve road, driver and vehicle safety, and emphasize the Ministry's number one priority - safety.

The total over-expenditure of approximately $1.8 million relative to planned spending is primarily due to:

- $1.6 million over-expenditure is partly attributed to costs required to implement the *Traffic Safety Act*, a contribution towards the Transportation Training and Development initiative for commercial drivers and National Safety Code programs.
- $0.2 million over-expenditure in Ministry Support Services to address increases related to information technology requirements, resulting from more projects being identified than originally anticipated.

The overall $3.2 million increase in actual spending during 2003-04 compared to 2002-03 is attributed to:

- $2.7 million for the introduction of the *Traffic Safety Act*, Dangerous Goods Clear Language Regulations, the *Railway (Alberta) Act* and other regulatory changes.
- $0.5 million for increases related to information technology requirements.

Goal 1: Improve road user behaviour

Strategies

Implement the new *Traffic Safety Act* and its regulations to provide a framework for addressing safety issues and new initiatives.

- The *Traffic Safety Act* came into effect on May 20, 2003. The new legislation replaced the *Highway Traffic Act*, the *Motor Vehicle Administration Act*, the *Motor Transport Act* and the *Off-Highway Vehicle Act*. It also consolidated 35 regulations to 18 regulations.

Continue traffic safety initiatives in conjunction with stakeholders aimed at improving driver behaviours - particularly those of high-risk drivers, implementing the Graduated Driver Licensing Program, managing intervention programs to address impaired driving, and developing an aging driver strategy.

- In February 2004, the Minister announced the implementation of an independent review of the Alberta government's traffic safety programs aimed at finding the most effective ways to influence driver habits and reduce collisions, injuries and fatalities. This will lead to the development and implementation of an enhanced Alberta Traffic Safety Strategy with involvement from partners and stakeholders. This review will also consider what Alberta needs to do to meet our commitments under Road Safety Vision (RSV) 2010, an ambitious national strategy that includes aggressive targets to reduce fatalities and injuries, helping to make Canada's roads the safest in the world.

Work with industry and other stakeholders to improve commercial driver fitness through driver training initiatives, hours of service regulation, fatigue management counter measures, and sharing of commercial driver profiles with other jurisdictions.

- In conjunction with the Transportation and Training Development Association (TT&DA) and Alberta Learning, concluded a Memorandum of Understanding to develop a professional truck and bus driver certification program. Completed Phase 2 of the Fatigue Management Program in Alberta and Quebec. Worked with the Canadian Council of Motor Transport Administrators (CCMTA) in the initial planning for a national approach to commercial driver profile development.

Redefine the role of the Transportation Safety Board following implementation of the *Traffic Safety Act*.

- Under the direction of the Minister, and with the assistance of an outside consultant, the Alberta Transportation Safety Board completed a review of its governance and structure to ensure it is properly positioned to address all types of appeals stemming from the *Traffic Safety Act* and the *Railway (Alberta) Act*. The report concluded that the Board's decisions are fair and that the public is being well served by the Board.

Goal 2: Enhance safety through highway system improvements

Strategies

Undertake safety audits at the planning and design stage to ensure overall integration of geometrics, traffic signals, pavement markings and other specialties, as well as identify rest area and pullout needs in conjunction with highway improvements.

- The department completed guidelines on where and when safety audits are needed in the department's project delivery process. Safety audits are being undertaken in planning, design and construction projects throughout the province. Provisions for safety audits are also included in the province's public-private partnership (P3) project in southeast Edmonton.

- The department completed the planning needs for Safety Rest Areas, including locations along the highway network. Safety rest areas have been included in other capital projects where it has been economically feasible.

Explore opportunities to deploy Intelligent Transportation Systems, including changeable message signs and road weather information systems, to address highway safety issues.

- An Intelligent Transportation Systems (ITS) blueprint study was completed to identify future traveler information system deployment details for Highway 2 between Edmonton and Calgary. As the major recommendation from the blueprint study, the Ministry is installing two new changeable message signs along Highway 2 near Red Deer, and retrofitting two signs near Leduc and Airdrie to provide current traveler information to the motorists. The Ministry has also initiated negotiations with Transport Canada for a bilateral agreement to cost-share the installation of road weather information systems stations on Alberta's National Highway System.

Review and update national highway safety standards in co-operation with other provinces.

- The Ministry worked with other jurisdictions through the Council of Deputy Ministers of Transportation's Policy and Planning Support Committee in updating the National Highway System (NHS) and resolving issues concerning the NHS. In the NHS review process, Alberta proposed to add 482 kilometres of highway to the existing network, including Highway 63 from Edmonton to Fort McMurray and other minor links to intermodal terminals to Alberta's NHS.

Goal 3: Improve vehicle safety through monitoring and enforcement

Strategies

Improve vehicle safety through monitoring and enforcement. Implement a new program that licenses private sector mechanics and their facilities to inspect and repair out-of-province and written-off vehicles to ensure only mechanically safe vehicles are registered for use on Alberta's highways.

- Implemented the new Motor Vehicle Inspection Program and licensed 727 new stations and 1,666 technicians. Basic safety inspections ensure that motor vehicles last registered in another jurisdiction, or involved in a serious vehicle collision and written off by an insurance company, are safe to operate on Alberta highways. Under the new program, vehicles may not be registered until inspected at a provincially licensed inspection station by a licensed technician.

Implement the international cargo securement standards.

- Completed negotiations and final draft of a national cargo securement standard that will serve, by reference, as an Alberta regulation. Stakeholder consultations will be held in Alberta in the fall of 2004. This international initiative to implement a performance based cargo securement regulation was developed in response to a number of serious collisions resulting from cargo falling off commercial vehicles. It will not only improve highway safety but also serve to harmonize regulations across North America.

Continue to undertake inspections of commercial vehicles using international standards such as the Commercial Vehicle Safety Alliance inspection criteria.

- Commercial Vehicle Safety Alliance (CVSA) inspections of commercial vehicles are conducted throughout the year to ensure commercial vehicles meet all safety standards. Inspection Services conducted 34,521 inspections in 2003-04.

Monitor the safe handling and transport of dangerous goods.

- The measure used by the Transportation Safety Services Division to determine the risk to the travelling public from the transportation of dangerous goods, i.e. the Severe Incident Rate, was 5.7 per cent, the lowest since measurement began in the 1993-94 fiscal year, and well below the ten-year average of 16 per cent. This represents a substantial gain over previous years and can be primarily attributed to the impact of enhanced cargo tank standards introduced with the regulatory amendments of 2001, coupled with an enhanced sensitivity to the safety and security of dangerous goods in transit. The severe incident rate, developed from international benchmark factors, is the percentage of all reported dangerous goods incidents that are deemed to pose a significant risk to the public, based on a 15 point severity scale.

Implement a new hours of service regulation.

- Completed negotiations with Transport Canada and other provinces and territories regarding the specific principles and content of a new hours of service (HOS) federal regulation. Federal delays in drafting and publishing Gazette II have prevented further progress in Alberta.

- During 2004-05, following industry consultations, the Department intends to amend Alberta's regulation to reduce commercial vehicle collisions related to driver fatigue and to harmonize the HOS rules across Canada.

Goal 4: Continue programs to support the safe operation of railways under provincial jurisdiction

Strategies

Implement required changes to provide for the safe operation of railways under provincial jurisdiction as covered by the new *Railway (Alberta) Act* and its regulations.

- All railways in the province that have been identified as subject to the jurisdiction of the *Railway (Alberta) Act* have submitted applications for approval, and all have been approved or are pending approval. All operating railways now fall within the framework of the periodic audit and inspection requirements of the Act and Regulations, and monitoring under the annual railway inspection plans to be implemented in the 2004-05 fiscal year.

- The rail inspection programs ensure that all provincially regulated railways, including amusement railways, meet or exceed minimum safety standards for their equipment, track and signals. This will reduce the risk to the public at rail crossings, yards and transfer facilities, and for those enjoying Alberta's heritage sites where rail operations are featured.

Support the participation of local authorities in a safety improvements program offered by Transport Canada for rail crossings on local roads.

- The department continues to fund 50 per cent of the local road authorities share of the capital costs for crossing safety improvements at existing crossings.

Measure 1.1: Involvement of Drinking Drivers in Casualty Collisions

Description

This measure indicates the percentage of vehicle operators in casualty collisions (injury and fatal) in Alberta who were judged to have consumed alcohol before the collision.

Rationale

In support of ministry Goal 1 - "Improve road user behaviour", Transportation continued its efforts to educate drivers about the dangers of drinking and driving. This measure indicates the percentage of drivers involved in casualty collisions who have consumed alcohol before the collision.

Results

About the Results

During the reporting period, there were a total of 26,956 drivers involved in casualty collisions in the Province of Alberta for whom a driver condition was specified on the collision report form. Of these, 4.6 per cent of drivers who were involved in injury collisions were judged to have consumed alcohol prior to the collision. This compares to the target of 4.8 per cent. In addition, 22.3 per cent of drivers in fatal collisions were judged to have consumed alcohol prior to the collision, just above the target of 20.1 per cent. The figures have increased 0.2 per cent and 1.6 per cent respectively over the prior years' results. As the severity of the collision increased, the involvement of alcohol dramatically increased.

In order to educate current and future drivers of the dangers of drinking and driving, Transportation, with its many traffic safety partners, continues to undertake awareness, education and enforcement programs throughout the year. In addition, initiatives such as the Ignition Inter-Lock Program and periodic check stops deter drinking and driving. From its inception in December 1999 to March 2004, the Alberta Administrative License Suspension (AALS) program has resulted in 32,603 suspensions of Alberta drivers who were charged with having a breath or blood sample over 0.08 blood alcohol level*, or refusing a breath or blood sample demand. The Graduated Driver Licensing Program introduced on May 20, 2003, includes a zero alcohol tolerance provision which continues while a driver is in either the learner or probationary category. This reinforces Alberta's position against impaired driving. There have been 74 Alberta zero alcohol tolerance (AZAT) suspensions initiated between May 2003 and March 2004.

Methodology and Data Sources

Data for this measure was taken from the department's Alberta Collision Information System. The results for the measure are based on a calendar year. Drivers involved in casualty collisions resulting in either injury or fatality are included in the results. Driver condition data is compiled from collision reports completed by the attending law enforcement officer. Drinking drivers are those who, in the officer's judgment, have consumed alcohol prior to the collision. Driver condition includes 'normal,' 'had been drinking,' 'alcohol impaired,' 'impaired by drugs' and 'fatigued/asleep'. Driver condition was unspecified for 6,524 drivers involved in casualty collisions and is not included in the results.

Trends Impacting the Measure

Alberta's population has been steadily increasing due primarily to the growing economy. Traffic volumes have increased by 10.1 per cent from 1999 to 2003 as recorded by Alberta's 361 Automated Traffic Recorder sites throughout the province. In addition, the number of licensed drivers increased by 8.8 per cent since 1999.

*The amount of alcohol in your bloodstream is referred to as Blood Alcohol Level (BAL). It is recorded in milligrams of alcohol per 100 millilitres of blood, or milligrams per cent. A BAL of 0.08 represents a concentration of 80 milligrams of alcohol per 100 millilitres of blood.

Measure 1.2: Seat Belt Usage

Description

This measure describes the percentage of seat belt use for light duty vehicles in rural and urban centers. A comparison with national results is also included in the discussion.

Rationale

Transportation continually promotes the use of seat belts as one of its many strategies to improve safety in Alberta. By tracking seat belt usage data, compliance rates can be identified and further analysis conducted, to determine areas that require improvement.

Results

Percentage of Seat Belt Use

	1999	2000	2001	2002	*2003
Canada					
Rural & Urban Combined	90.1	90.1	89.9		87.7
Rural Only**				85.0	
Alberta					
Rural & Urban Combined	89.3	87.2	84.9		84.9
Rural Only**				77.3	

**Survey on rural only areas is conducted every other year beginning in 2002.

* 2003 results are preliminary. At the time of publication, Transport Canada had not released the official survey of seat belt use. The methodology disclosed below is based on the previous 2001 survey. It is not expected to have changed substantially, in interests of comparability to previous years' results.

About the Results

The above table estimates the percentage of people wearing seatbelts in both rural and urban Alberta for 2003. Survey results for 2002 and 2003 include front seat occupants only, while surveys prior to 2002 include all vehicle occupants. The estimate is accurate within ± 1.1 per cent 19 times out of 20 in repeated samples. In previous years, the estimate for seat belt use in rural and urban locations combined was accurate within ± 1.2 per cent 19 times out of 20 in repeated samples.

The ministry's target is to reach compliance rates in both rural and urban Alberta of 95 per cent by 2010, matching Canada's national target. The provincial target for combined rural and urban usage in the 2003-06 Business Plan was set at 85.5 per cent for 2003. The seat belt usage result for Alberta in 2003 is 84.9 per cent, which is unchanged from when the survey was last conducted in 2001.

Methodology and Data Sources

Through an annual survey Transport Canada estimates the number of people wearing seatbelts in Alberta. Transport Canada collects seat belt usage data through annual surveys on light duty vehicles, including passenger cars, passenger vans and light trucks in all provinces. Light duty vehicles do not include commercial vans or large trucks, farm equipment, or vehicles which are not equipped with and do not require seat belts (e.g. vintage automobiles).

Previous data indicated that the majority of motor vehicle fatalities in rural areas involved people who were not wearing seat belts, and that seat belt use was lower in rural areas of Canada than in urban centres. Therefore, it was determined that a survey of seat belt use in rural only areas of Canada would be conducted every second year. Rural areas are defined as towns with a population of fewer than 10,000 but more than 1,000 that are located outside any census metropolitan area or census agglomeration. It is expected that the results of this survey will lead to the development of measures and strategies to improve seat belt use in rural areas across Canada.

Trends Impacting the Measure

With its growing population and increasing number of licensed vehicle operators, Alberta needs to develop improved strategies to create awareness of the benefits of wearing seat belts as a result of an apparent declining trend in seat belt use.

Measure 1.3: Mechanical Safety of Commercial Vehicles

Description

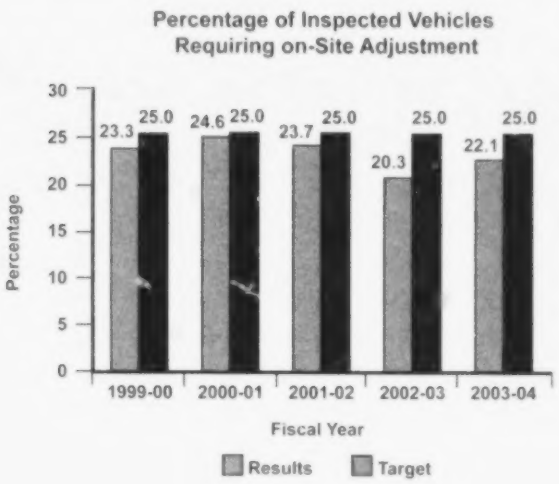
This measure represents the percentage of a random sample of commercial vehicles that have been rendered out-of-service when inspected at roadside checks by Ministry staff.

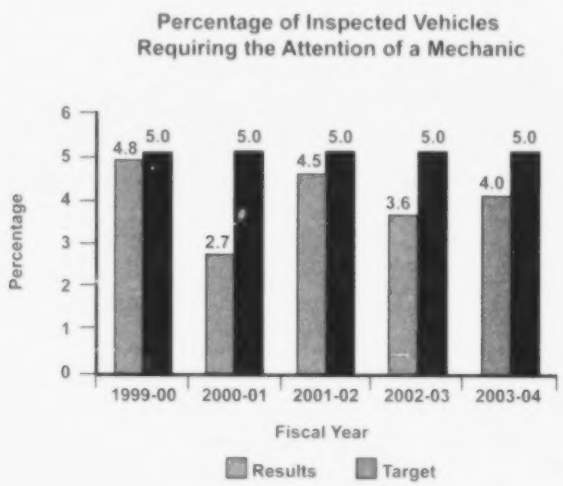
Rationale

In support of the department's Goal 3 - "To improve vehicle safety through monitoring and enforcement", Alberta Transportation continues to work with the commercial carrier industry to enhance safety on Alberta's highways through ongoing education and enforcement programs. Programs such as the "Partners in Compliance" program allow commercial carriers with exemplary safety records to self-monitor. The program also provides incentives for commercial carriers to ensure their equipment and business operations meet all prescribed safety criteria. Ongoing Commercial Vehicle Safety Alliance inspections of all commercial vehicles over 4,500 kg are also undertaken throughout the year to ensure commercial vehicles traveling on Alberta's highways meet all safety standards.

Growth in inter-provincial and international trade and the need for quick, efficient transport have led to a significant increase in the number of trucks on Alberta's highways. In addition to domestic commercial road traffic, there was over $12.5 billion in international trade shipped by trucks to and from Alberta in 2003. As a result of this increased truck traffic in recent years, Alberta Transportation has increased its capacity to undertake inspections and monitor commercial vehicles. The Ministry will continue to work with the commercial carrier industry on education and information initiatives that are aimed at commercial vehicle safety.

Results





About the Results

For this measure, percentages are calculated using inspection reports generated by Ministry officials completing the inspections. As stated, this measure includes only a sample of the total number of inspections done throughout the year. A total of 448 commercial vehicles were inspected, out of which 99 required on-site adjustments (22.1 per cent) and 18 required the attention of a licensed mechanic (4.0 per cent). The lower the number in this measure, the better the result. The Ministry target set out in the 2003-06 Business Plan was to achieve "no more than 25 per cent of vehicles requiring on-site adjustments" and "no more than five per cent of vehicles that require the attention of a mechanic". The results show an increase of 1.8 per cent and 0.4 per cent over the previous year respectively for each of the measures; this exceeded the target by 2.9 per cent and 1.0 per cent respectively. The targets were reduced in the 2004-07 Business Plan to 24.6 per cent and 4.5 per cent respectively, and indicate the ministry's commitment towards improving commercial vehicle safety. The targets are lower than any of the past five years.

Methodology and Data Sources

The inspections are undertaken using internationally recognized standards issued by the Commercial Vehicle Safety Alliance. In this sample, seven random inspections were conducted at each of 64 sites across Alberta between June and November 2003. The total number of vehicles inspected was 448.

Trends Impacting the Measure

The results vary from year to year depending on the state of the economy and the increase in the number of vehicles on the highways.

CORE BUSINESS 2: MANAGE THE PROVINCIAL HIGHWAY NETWORK

The specific Ministry programs linked to this core business include: Provincial Highway Systems, Resource Roads/New Industry, Other Road Infrastructure, a portion of Program Support and Ministry Support Services, as well as non-cash items such as Amortization and Consumption of Inventory (sand, salt & gravel).

Financial Resources (in thousands)

	Operating Expense	Capital Investment
Planned Spending (Estimates)	555,291	160,750
Total Authorized	555,291	160,750
Actual Spending in 2003-04	532,245	145,903
Actual Spending in 2002-03	488,889	283,615

Human Resources

Budgeted FTEs 353 Actual FTEs Utilized 344

Alberta has roughly 30,800 kilometres of provincial highways with a replacement value of approximately $28.5 billion. Well-built and well-maintained highways are safe highways. Improvements to highway infrastructure reduce collisions by 40 to 50 per cent, depending on the particular improvements. For instance, adding an interchange reduces collisions at that intersection by 45 per cent on average, and twinning a highway reduces collisions by 47 per cent.

The total under-expenditure of $37.9 million relative to planned spending is primarily due to:

- $32.6 million under-expenditure in non-cash items including: $29.5 million due to less amortization than anticipated on the former secondary highways; and $3.1 million related to Consumption of Inventories.
- $4.5 million under-expenditure primarily related to provincial highway construction project delays and the early start of winter.
- $0.7 million under-expenditure primarily due to some requirements having been met in prior years and the transition to the "new" Resource Road program.

The net overall decrease of $94.4 million in spending in 2003-04 compared to 2002-03 is primarily due to:

- $119.6 million related to the North-South Trade Corridor. These expenditures were reported under Provincial Highways, but are now included as part of the Strategic Economic Corridor Investment Initiative (SECII) under Core Business 3: "Support economic development".
- Approximately $17.7 million decrease in capital investment largely attributed to lower overall capital expenditures related to project delays and the early start of winter.
- Offset by $33.1 million increase related to maintenance, rehabilitation and minor highway construction of the provincial highway network and purchases of inventory, $7.1 million increase in non-cash items (i.e. amortization, consumption of inventory) and $2.7 million increase in other miscellaneous minor programs.

Currently, the amount of deferred maintenance on the provincial highway network is estimated at $926 million as of March 31, 2004. Preservation of Alberta's provincial highway network requires significant annual investment.

Goal 5: Continually improve transportation planning

Strategies

Lead the cross-ministry Capital Planning Initiative in partnership with Alberta Infrastructure and Alberta Finance to ensure long-term capital plans and effective infrastructure management systems are in place, alternative financing options such as public-private partnership (P3) opportunities are considered, and performance is measured.

- Alberta Transportation continues to lead the Capital Planning Initiative (CPI) by co-chairing the Ministerial Capital Investment Planning Committee, Deputy Ministers Capital Planning Committee, and CPI Working Committee. The CPI ensures infrastructure funds are spent in the most effective, efficient, and innovative manner. During 2003-04, the CPI developed and submitted the 2004-09 Proposed Capital Plan for Budget 2004, which provided a three-year plan for infrastructure investment in Alberta. The CPI also developed and refined the procedure for prioritizing capital projects across infrastructure types. It developed draft guidelines that established the process, criteria, and templates to identify, assess, approve, and evaluate Alternative Capital Financing projects. Finally, the CPI collaborated on the development and refinement of performance measures and infrastructure management systems for all types of infrastructure.

Continue to implement the state-of-the-art Transportation Infrastructure Management System (TIMS) which will enable more efficient long-range planning of highway improvements.

- The department adopted a Geographic Information System (GIS) application called Platinum and Publishing, which is a system to allow for the updating of data. A two year plan was validated to complete the core function of TIMS.

- Included a feasibility study to explore the potential of integrating TIMS with the Transportation Routing and Vehicle Information System (TRAVIS) to check and verify routes for the movement of oversize loads.

Develop a Strategic Transportation Vision that will provide a long-term (up to 30 year) view of transportation in Alberta, taking into account projected urban and rural growth patterns, resource development, safety, and enhanced inter-modal transportation systems.

- A strategic infrastructure plan for Alberta has been developed in draft form. It outlines the major investments required in airports, railways, major cities and the highway network. It also looks at the cost of the requirements for 5 years and beyond, and compares those with funding sources available today. A gap between available resources and investment requirements is identified. There is also an evaluation of transportation revenue spending for all three levels of government in Alberta. The final strategic infrastructure plan will identify strategies and tactics to address the funding gap.

Continue to undertake research focused on safety, engineering, and intelligent transportation systems.

- Alberta Transportation continued to partner with external organizations such as the Centre for Transportation Engineering and Planning to fund new research into pavement materials, traffic operations, and dangerous goods route selection. The Ministry has also worked with other government ministries such as Alberta Sustainable Resource Development to undertake a task force to research wildlife-vehicle collisions. For Intelligent Transportation Systems (ITS) research, the Ministry has been working closely with Transport Canada and Environment Canada to fund ITS implementations such as Road Weather Information Systems along Alberta's highways.

Ensure environmental practices are integrated into short and long-term planning.

- As part of the Environmental Management System, consultant guidelines have been reviewed to ensure that environmental issues are included in the scope of planning work. An environmental auditing framework has been developed that incorporates monitoring of planning reports to ensure that environmental issues are adequately addressed.

Support provincial and cross-ministry initiatives related to transportation and its role in climate change.

- In 2003-04, Alberta Transportation made some progress toward establishing climate change sector agreements with the Alberta Motor Transport Association and the Alberta Roadbuilders and Heavy Construction Association. Additionally, Alberta Transportation has participated in alternative fuel demonstrations (Calgary Fire Department biodiesel project) and developed policy and target measures to further "green" the Alberta Government vehicle fleet.

- These activities are partnership efforts with Alberta Environment and are identified as initiatives to be undertaken under Alberta's Climate Change Action Plan, approved and released by the Alberta Government in May 2002.

Goal 6: Protect the integrity of the highway infrastructure

Strategies

Ensure the highway network is properly maintained by setting standards, ordering work and monitoring private contractor performance.

- This past year the department successfully completed the retendering of the highway maintenance contracts for the Peace Region. New standards were developed for highway maintenance yards and included in the new contracts. In addition, the department also updated the "Contract Administration Manual for Highway and Bridge Maintenance" to assist department operational staff and maintenance contractors in the administration of the Maintenance Contracts.

Monitor, enforce and manage truck weight and dimension limits on provincial highways.

- Established new guidelines and conditions for the movement of long loads and used buildings. Inspection Services continues to monitor and enforce commercial vehicle weight and dimension limits on provincial highways. In 2003-04 1,125,860 vehicles were weighed with 6,050 overloads detected.

Apply innovative approaches and techniques that will improve highway design and construction.

- The new *Highways Development and Protection Act*, providing for the designation of the freeway system, is an innovation which will allow for more orderly planning and development control along these routes.

- There are several potential innovations associated with the inclusion of new materials within the department's products list. Many new products have been included which have the potential of providing improved efficiencies in the construction of highways and bridges.

- The imminent deployment of ITS technologies provides for innovation in the operational aspects of the highway system, including:

    - Use of bio-engineering techniques to incorporate environmentally sustainable concepts into erosion and sediment control test sites
    - Use of previously untried screw anchors design in a tied back retaining wall design, in place of grouted anchors
    - Use of Ground Penetrating Rader to locate underground hazards related to potential collapse of mine shafts in the Crowsnest Pass area
    - Use of InSAR, a satellite based ground movement monitoring technique to delineate landslide hazards along Highway 49 at the Little Smoky River valley crossing.

- The department continued implementation of a new Roadway Maintenance Rehabilitation Application (RoMaRa) pavement management system.

- The Department developed performance specifications to support innovative public-private partnership (P3) program delivery including:
    - Deck Durability - developed and piloted specification for modified silica fume concrete, used stainless steel and stainless steel clad reinforcing steel
    - Bridge Management - developed and tested prototype Bridge Expert Analysis and Decision Support system (BEADS)
    - Bridge Maintenance - tested new short term touch-up paint strategies for maintaining steel bridges using more environmental friendly products (e.g. washing with Chlor-Rid).

Condition, Utilization and Functional Adequacy of Provincial Highways

The Capital Planning Initiative Report of March 2000 identified three long-term performance measures to be used across government to report on the management of physical infrastructure. These measures are condition, utilization and functional adequacy. Through monitoring the physical condition, utilization and functional adequacy of highways, the department can effectively plan how best to sustain the quality of the highway network. The targets for all three measures are based on the level of funding shown in the Business Plan.

Measure 2.1: Physical Condition of Provincial Highways

Description

The condition measure defines the percentage of the paved highway network that is good, fair and poor. The International Roughness Index (IRI) is used to measure the roughness of roads and to categorize overall physical condition. The segments in poor condition are those that require attention now.

The measures used for condition are consistent with the core measures outlined in the Capital Planning Initiative.

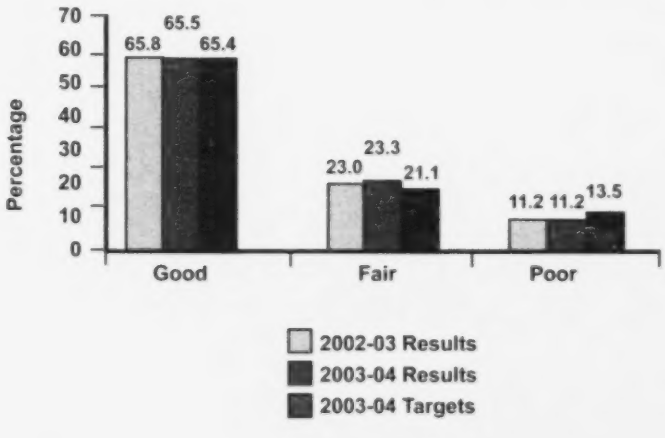
Rationale

Physical condition ties to department Core Business 2: "Manage the provincial highway network", and to Goal 5 - "Continually improve transportation planning" and Goal 6 - "Protect the integrity of the highway infrastructure". It links to the Government of Alberta Business Plan Goal 8 - "Alberta will have effective and efficient transportation and utilities infrastructure".

The condition measure was established to ensure that the quality of the paved highway network will be sustained and that business, pleasure and commercial traffic can travel in safety and with comfort. This is important in ensuring future growth and in maintaining present levels of economic development.

Results

Physical Condition of Provincial Highways



About the Results

The results for 2003-04 indicate that the percentages of paved highways in good, fair and poor condition are 65.5 per cent, 23.3 per cent and 11.2 per cent respectively. This compares to business plan targets of 65.4 per cent, 21.1 per cent and 13.5 per cent. The percentage Good was 0.1 per cent better than predicted, while the percentage Poor was 2.3 per cent better. The percentage Fair was higher than expected by 2.2 per cent. These results are due to the fact that construction and maintenance activities corrected more Poor roadway than forecasted.

Methodology and Data Sources

The International Roughness Index (IRI) measures the roughness of roads and is used as an indicator of the overall physical condition of provincial highways.

The analysis of good-fair-poor sections uses standards established as a result of a comprehensive research study conducted by the University of Calgary in 2002 to research condition and other performance measures. The recommendations made by the University of Calgary resulted in trigger values for condition being established. Trigger values are defined as the boundary between categories of good-fair and fair-poor, and are set using a proactive life cycle analysis approach. The values are categorized by road classification and are based on one kilometre segments.

ALBERTA TRANSPORTATION STANDARDS

IRI Rating	110 km/h Highways	< 110 km/h Highways
Good	< 1.5 m/km	< 1.5 m/km
Fair	1.5 - 1.89 m/km	1.5 - 2.09 m/km
Poor	≥ 1.9 m/km	≥ 2.1 m/km

After existing good-fair-poor segments are identified, anticipated work activities and pavement deterioration rates are incorporated to determine future performance targets.

The IRI rating for all highways is obtained through data collected annually by consultants on behalf of the department. Using laser-based equipment, the consultant reports the average IRI value over a 50 metre segment of the highway. This detailed data is further averaged over one kilometre sections to provide an assessment of condition over practical lengths.

In 2003, two consulting firms collected the IRI values for all lanes in the provincial highway network where it was practical to do so. Sections where construction was occurring were not collected, but assumed values of IRI were used. In a very small number of sections, data collection was not completed for other reasons, and in these instances values from previous years were used, with an assumed deterioration rate applied.

Trends Impacting the Measure

Approximately 6,000 km of Alberta's paved provincial highways are approaching an age where rehabilitation/reconstruction must be considered.

Measure 2.2: Utilization of Provincial Highways

Description

The utilization measure defines the percentage of the highway network that is equal to or better than a targeted Level of Service (LOS). If a highway meets or exceeds this targeted level, it is being utilized as planned. The targeted LOS for provincial highways is C (see methodology below).

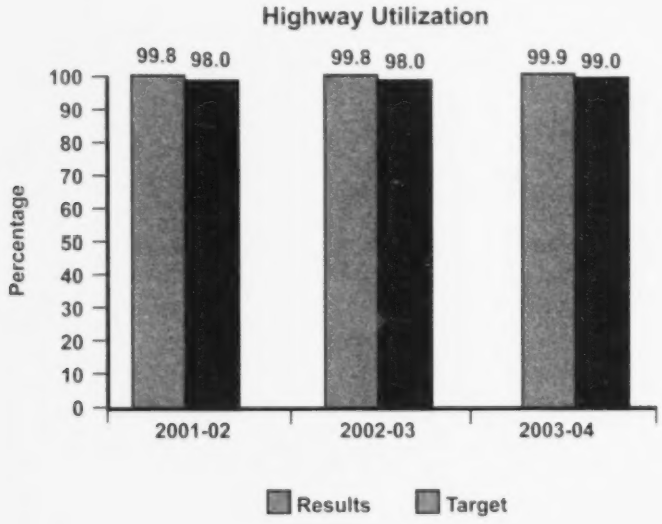
The measure used for utilization is consistent with the core measure outlined in the Capital Planning Initiative.

Rationale

Utilization ties to department Core Business 2: "Manage the provincial highway network", and to Goal 5 - "Continually improve transportation planning" and Goal 6 - "Protect the integrity of the highway infrastructure". It links to the Government of Alberta Business Plan Goal 8 - "Alberta will have effective and efficient transportation and utilities infrastructure".

The utilization measure was established to ensure that people and goods continue to move freely on provincial highways. The measure is important to allow for future economic growth. It provides a planning tool for determining when future capital expenditure is required. Alberta Transportation strives for effective planning and programming of provincial highways to ensure proper utilization.

Results



About the Results

The 2003-04 target has been exceeded. The results are consistent with results obtained in previous years.

Methodology and Data Sources

Level of Service (LOS) is an international measure based on traffic's ability to move freely. The LOS calculations are based on the methodology outlined by the United States Transportation Research Board Highway Capacity Manual. Traffic capacity was determined for each highway segment from Alberta Transportation's physical inventory. Traffic demand was calculated using traffic volume data (for peak-hour volumes) collected along the highway network throughout the province. Intersection counts were also performed to determine the types of vehicles using each section of highway, as this is a factor in the LOS calculations. The traffic data is collected continuously and reported annually by consultants. Levels of service are defined as follows:

LOS A. Traffic is practically unimpeded.
LOS B. Ability to maneuver within traffic is only slightly restricted.
LOS C. Freedom to maneuver within traffic is noticeably restricted.
LOS D. Freedom to maneuver is severely limited.
LOS E. Boundary between levels D and E describes operation at capacity. There are virtually no usable gaps in traffic.
LOS F. There is a breakdown of traffic flow. This is characterized by stop and go conditions.

Trends Impacting the Measure

Alberta is experiencing substantial population and economic growth year after year. This growth leads to more people traveling Alberta's highways. As the number of people using our highway system increases, ensuring that goods and people move freely is a priority. Businesses and people want to know that their goods are getting to market as quickly as possible. By monitoring the traffic demand on highways, Alberta Transportation can better plan for future highway upgrading.

Measure 2.3: Functional Adequacy of Provincial Highways

Description

This measure defines the percentage of provincial highways that meet target criteria for functional adequacy. The target criteria relate to surface width, horizontal curve geometrics, surface type and weight restrictions (road bans). A provincial highway is functionally adequate if the roadway meets acceptable width standards, is free of road bans, has horizontal curves that allow normal travel speeds, and has a paved surface where required.

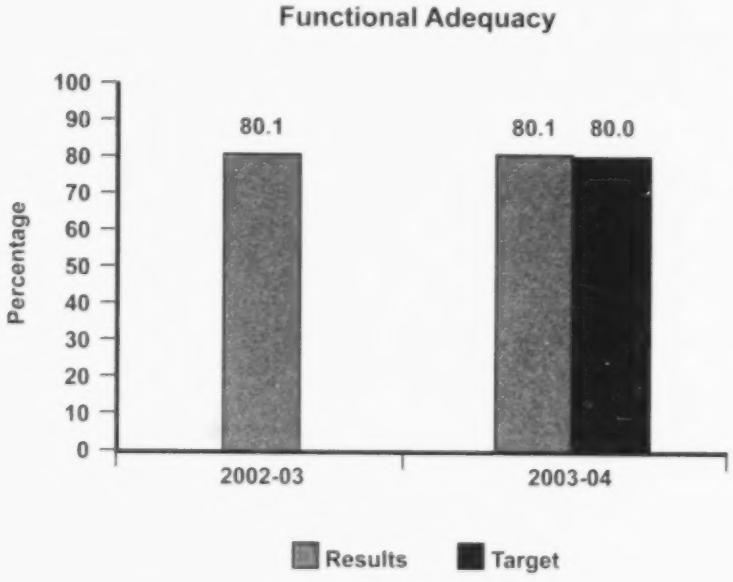
The measure for functional adequacy is consistent with the core measure outlined in the Capital Planning Initiative.

Rationale

Functional Adequacy ties to department Core Business 2: "Manage the provincial highway network", and to Goal 5 - "Continually improve transportation planning" and Goal 6 - "Protect the integrity of the highway infrastructure". It links to the Government of Alberta Business Plan Goal 8 - "Alberta will have effective and efficient transportation and utilities infrastructure".

The functional adequacy measure was established to ensure that the existing highway network is upgraded where necessary to meet standards so that the public can travel safely. It also has a component which addresses truck traffic restrictions on provincial highways.

Results

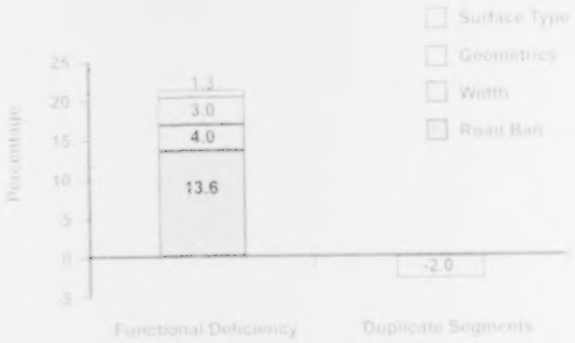


This measure was modified in the 2002-03 fiscal year as road surface type was added as a factor and the methods of calculation were refined. Therefore 2001-02 results are not shown.

About the Results

The results for 2003-04 indicate that 80.1 per cent of provincial highways are functionally adequate as represented below:

Functional Deficiency



The functional deficiencies for 2003-04 compared to 2002-03 are broken down as follows:

2002-03		2003-04	
Road Bans	13.9%	Road Bans	13.6%
Width	3.9%	Width	4.0%
Geometrics	3.0%	Geometrics	3.0%
Surface Type	1.1%	Surface Type	1.3%
Total	21.9%	Total	21.9%

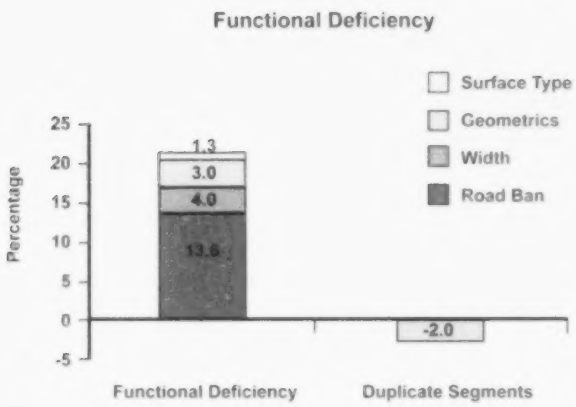
It should be noted that although the functional adequacy percentage above for 2002-03 is the same as was reported in the annual report for 2002-03, the component portions of that percentage have changed slightly due to corrections to the original analysis. The figures quoted above have been adjusted to account for these corrections and so that they can be compared to the 2003-04 numbers.

The total percentage of highways with deficiencies will be less than the sum of the above individual deficiencies. This is because certain segments have deficiencies in more than one area. For 2002 results, the difference between the sum of deficiencies and the total deficiency was 2.0 per cent. For 2003 results, this value is also 2.0 per cent.

Road bans have decreased by 0.3 per cent from 2002 to 2003. This is because of 2002 construction which resulted in the elimination of 96 km of road bans. This was, however, offset by an increase in road bans for other reasons of 31 km, resulting in a net decrease of 65 km.

About the Results

The results for 2003-04 indicate that 80.1 per cent of provincial highways are functionally adequate, as represented below.



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Width deficiencies increased slightly from 3.9 per cent to 4.0 per cent (approximately by 29 km) primarily because of an increase in traffic which made specific roads width deficient. Construction activities did not lead to an appreciable reduction in width deficiencies.

Geometric deficiencies did not change for the 2003 results, as new data was not available (see Methodology and Data Sources section).

Surface type deficiencies increased by approximately 54 km. New construction in 2003 resulted in a reduction of 27 km; however, this was more than offset by increased deficiencies because of traffic.

The total of the individual component deficiencies remained unchanged at 21.9 per cent. However, width and surface type deficiencies increased by 0.1 per cent and 0.2 per cent respectively. This was offset by a decrease in road ban deficiencies.

Methodology and Data Sources

Functional Adequacy is calculated by preparing an inventory of the various segments of highway that have deficiencies for any of the above factors, based on Alberta Transportation standards and practices. If a section of highway has a deficiency for any of the factors it is considered to be functionally inadequate. The percentage of the highway network that meets target criteria for functional adequacy is the total length of roadway minus the total length of roadway with a deficiency, divided by the total length of roadway, multiplied by 100. The methodology and data sources for each of the component factors are discussed below.

Width Deficiencies

Data on existing road widths is obtained from the department pavement management system. The acceptable road width for each highway is determined using the 3R/4R chapter (resurfacing, rehabilitation, restoration, and reconstruction) of the *Alberta Transportation Highway Geometric Design Guide*. The actual width and the acceptable width are then compared to determine whether a deficiency exists.

This analysis of deficiencies was done for every km of paved provincial highway.

Geometric Deficiencies

Geometric deficiencies are based on horizontal curve geometrics, using alignment data collected by consultants. This data is compared to requirements in the *Alberta Transportation Highway Geometric Design Guide* to arrive at deficiencies. The existing published results are based on data collected in 1999 and 2000. The 2003 data collection program was to update this information; however, inconsistencies in that data have precluded its use. The required data will be recollected in 2004 with improved specifications to alleviate the problems that were encountered in the 2003 collection and processing. Until that is done, it is necessary to use the previous data. Results therefore did not change.

This analysis of deficiencies was done for every km of provincial highway.

Surface Type Deficiencies

A traffic volume of 400 vehicles per day is used to determine the need for a paved surface, and subsequently to identify deficiencies where the criterion is not met. Traffic volume data is collected by consultants and existing surface types are derived from the department's internal pavement management system.

This analysis of deficiencies was done for every km of graveled provincial highway.

Road Bans

Road ban information for provincial highways is obtained using data from internal sources. The Transport Engineering Branch monitors the need for and issues road bans on the provincial highway system. As road bans are issued, they are entered into an internal database, which is updated as road ban status changes for particular highways.

The analysis is done for every km of provincial highway.

Trends Impacting the Measure

Rapid population growth throughout Alberta has meant that more development is occurring and urban areas are expanding. Roads that suddenly carry higher amounts of traffic because they are located near, or provide access to new developments, may no longer be rated functionally adequate because the road is too narrow for the increased traffic levels. This can lead to safety concerns. Traffic growth also will require that certain gravel roadways be paved.

Driver behaviour on roadways can lead to unexpected incidents where changes in vehicle speeds are necessary. It is therefore important that consideration be given to reconstructing curves which require a travel speed reduction, to improve overall road safety, as opportunities arise.

An increased amount of truck traffic on the highway network can also lead to a demand for less weight restrictions (road bans) on certain roadways.

CORE BUSINESS 3: SUPPORT ECONOMIC DEVELOPMENT

The specific Ministry programs linked to this core business include: Rural Transportation Partnerships, the operating component of Resource Roads/New Industry, Alberta Cities Transportation Partnerships, Streets Improvement Program, Municipal Water and Wastewater Grants, Infrastructure Canada/Alberta Program (ICAP), Strategic Economic Corridor Investment Initiative, Water Management Infrastructure, the Community Airports portion of Other Road Infrastructure, and a portion of Program Support and Ministry Support Services.

Financial Resources (in thousands)	Operating Expense	Capital Investment
Planned Spending (Estimates)	296,515	241,280
Total Authorized	296,515	241,280
Actual Spending in 2003-04	269,218	240,462
Actual Spending in 2002-03	147,533	39,014

Human Resources

Budgeted FTEs 146 Actual FTEs Utilized 143

The $28.1 million under-expenditure related to planned spending is primarily due to:

- $15.3 million lapse to help address critical spending pressures experienced by other sectors in the government.
- $7.2 million under-expenditure in Infrastructure Canada/Alberta Program (ICAP) as a result of project delays experienced by municipalities on approved ICAP projects.
- $3.7 million under-expenditure in Water Management Infrastructure as a result of municipal project construction delays.
- $1.9 million under-expenditure includes funding accelerated in prior years for Municipal Partnerships, offset by an over-expenditure in Strategic Economic Corridor Investment Initiatives (SECII).

The net overall increase of $323.1 million in spending in 2003-04 compared to 2002-03 is primarily due to:

- Acceleration of grants payments to municipalities in 2001-02 rather than in 2002-03.
- Increase in expenditures related to Strategic Economic Corridor Investment Initiative (SECII) in 2003-04.
- $119.6 million related to the North-South Trade Corridor (NSTC), which is now reported under the Strategic Economic Corridor Investment Initiative (SECII). These expenditures were reported under Core Business 2 in 2002-03.

Goal 7: Continue to support municipalities in addressing local transportation and water/wastewater needs

Strategies

Provide the cities of Edmonton and Calgary with annual transportation funding based on 5 cents per litre of fuel delivered for road use.

- For fuel deliveries in 2003-04, the department provided approximately $89.6 million to Calgary and $76 million to Edmonton which the cities applied to the construction of high priority road construction, interchange construction, and LRT extension projects. The cities determine the priority for the projects within their boundaries.

Provide other cities Basic Capital Grant funding of $60 per capita to support local transportation needs.

- The department provided the annual $60 per capita allocations to other cities to assist with high priority road and transit projects. The cities determine the allocation of grant funds to a variety of eligible road construction, road rehabilitation, and transit bus purchase projects.

Develop a new supplemental grant funding program to provide $30 million to other cities over the term of this Business Plan to support provincial highway routes through these cities.

- Commencing in 2003-04, the department developed and implemented the City Special Transportation Grant to address high priority road, transit, and airport expansion projects. Each city can apply for grant funding up to $3 million per project and the applications are ranked on a province wide basis with only the highest priority projects being funded. The $10 million 2003-04 program budget was expended towards approved projects. The balance of the initial three year program is fully subscribed, and there is a backlog of unfunded projects.

Support towns, villages, summer villages, and hamlets through the Streets Improvement Program, whereby they are eligible to receive approximately $60 per capita for lasting capital street improvements and replacing underground water and sewer lines.

- In providing the committed allocations, the department expended some $31.7 million in 2003-04 in Streets Improvement Program grants to towns, villages, summer villages, and eligible hamlets for their capital road projects and related upgrading of water distribution and sewer lines.

Develop a new Resource Roads/New Industry Program to assist rural municipalities, towns, and villages impacted by resource and new industry-based traffic.

- Commencing in 2003-04, the department developed a "new" Resource Road Program to provide cost-shared funding assistance to rural municipalities, towns, villages, and summer villages for public roads impacted by heavy truck traffic associated with resource industry. Budget 2003 announced a new 3-year, $51 million program. One unique feature of this program is the opportunity for private industry to contribute to the municipal share. Applications are reviewed and ranked by an Interdepartmental Review Committee. Applications are ranked province-wide and those with the highest rankings are recommended for approval; until all available program funding is allocated. Twenty-three projects were approved for 2003.

- This program provides funding assistance to local municipal road authorities for the movement of goods and people associated with new or expanded value-added processing facilities, resource and other industries, intensified farming operations or high through-put grain elevators.

- Response to the program has been positive. Eligible municipalities have applied for the cost-shared funding in order to develop roads heavily used/impacted by resource traffic.

Continue to provide rural municipalities, including Métis Settlements, with formula-based funding under the Rural Transportation Partnership to assist with upgrading of local roads and bridges.

- The department met the commitment of the 2003 Rural Transportation Grant program for Alberta's rural municipalities to assist with improving and expanding the local road system. Funding levels continued the supplementary funding allocation recommended by the Premier's Task Force on Infrastructure. In addition, the department also provided funding to meet the government's ongoing commitment to provide a paved access road to each of the Métis Settlements in the province and for eligible local road bridge projects. In total, $59.9 million was provided in 2003-04 to rural municipalities through the Rural Transportation Partnerships.

Continue working with municipalities and the federal government to deliver the Strategic Highway Infrastructure Program (SHIP) and the Infrastructure Canada/Alberta Program (ICAP) which provide funding for "green" and other municipal infrastructure.

- Alberta Transportation obtained federal funding approval for the Highway 1/Cassils Road interchange near the Town of Brooks, under the Strategic Highway Infrastructure Program. An environmental assessment was successfully completed for the Highway 43 twinning project, thereby allowing construction to proceed.

- The Infrastructure Canada-Alberta Program (ICAP) is a partnership between the federal, provincial and municipal governments. ICAP will direct up to $508 million over six years towards municipal water and wastewater systems; municipal roads, bridges and transit; affordable housing; solid waste disposal and recycling; tourism, cultural or recreational facilities; or projects to improve energy efficiency of municipal buildings.

Provide funding for eligible municipal water/wastewater facilities through the Alberta Municipal Water/Wastewater Partnership, focusing on addressing health and environmental concerns as the top priority.

- In 2003-04, the department provided $24.8 million to Alberta municipalities for the construction of high priority water treatment and wastewater treatment projects. To address future needs, the department added $5 million to the final year of the current 2003-04 three-year Business Plan. In addition, proposals to increase the level of funding for regional water projects under the new Alberta Water for Life Strategy were approved and $16.1 million in additional funding was secured through the Treasury Board for the next 3-Year Business Plan commencing 2004-05.

Lead the Alberta Advisory Committee on Barrier Free Transportation to develop strategies that will improve access to transportation facilities and systems, and continue to work with municipalities to implement strategies at the local level.

- Alberta Transportation chaired three meetings of the Advisory Committee on Barrier Free Transportation in the 2003-04 fiscal year to discuss accessibility concerns such as potential changes in provincial legislation, funding and accessible taxis. Related work included publishing three issues of the Breaking Down the Barriers Newsletter and following up on action items identified in the meetings. This work involved developing relevant briefings and support materials. The branch also worked with Alberta Municipal Affairs in conducting an internal review of the public transit component of the Alberta Government's Unconditional Municipal Grant Program.

Goal 8: Continue development of major trade routes to improve access to global markets

Strategies

Continue development of the North-South Trade Corridor from the United States border at Coutts, to the British Columbia border west of Grande Prairie, until four-laning is substantially completed. As well, continue development of key urban trade highways in Edmonton and Calgary (Anthony Henday Drive and South East ring road in Edmonton; Deerfoot Trail extension and Stoney Trail in Calgary).

- 55 kilometres of additional twinning of Highway 43 east and west of Fox Creek and in the Greencourt area were put into service.
- 10 kilometres of the Deerfoot Trail Extension south of Calgary, including new bridges on the Bow River, were placed in service.
- The MacKenzie Interchange on Deerfoot Trail was put into service.
- Engineering consultants were engaged to design and supervise construction of Calgary's North West Ring Road - Stoney Trail.
- Anthony Henday Drive
    - Work substantially completed on major structures at Whitemud Ravine and Wedgewood Ravine. The North Saskatchewan River crossing is approximately 65 per cent complete.
    - Major grading was undertaken from Calgary Trail to 45 Avenue and 90 per cent was completed.

Improve access and reduce costs for transporting goods along the CANAMEX Corridor (CANada/AMerica/MEXico) and various east-west routes by encouraging other jurisdictions to adopt harmonized truck weights and dimensions and implement international cargo securement standards.

- Completed an assessment of all bridge structures along the CANAMEX route (CANada/AMerica/MEXico) and determined that less than 1 per cent were inadequate, and that all could support 129,000 lb gross vehicle weights. These findings were presented to the CANAMEX Corridor Coalition. Continued to provide information to the Coalition on current projects.

Contribute to the development of inter-modal trade corridors connecting Alberta shippers to world markets.

- Undertook a study to investigate the effectiveness of the container inter-modal freight transport system serving Alberta and to determine what is required to increase the competitiveness of Alberta's value-added industries using the system.

Promote the Alberta Advantage and tourism, in co-operation with industry and government stakeholders, by developing highway signs that will enable tourists to identify and locate Alberta's major tourist attractions easily.

- Transportation, in cooperation with three other departments, developed a new signage program that follows North American and European country standards of Tourist Orientated Directional Signs and Logo Signs, to address the needs of the tourism industry. The new program resulted from input from six consultation workshops involving key tourism stakeholders. The new signs received endorsement from Cabinet and Standing Policy Committee. The new sign program is being implemented in Spring 2004.

Goal 9: Design, construct, maintain and rehabilitate water management facilities to provide reliable water supplies and effective flood and erosion control

Strategies

Complete the construction of major projects such as the Little Bow River Project and Carseland/Bow River Headworks Rehabilitation.

- The $95 million Little Bow River Project was substantially completed in 2003-04 providing a more secure supply of water to several communities in southern Alberta and 4,660 hectares (11,500 acres) of existing irrigated farmland. The project will allow for expansion of 8,100 hectares (20,000 acres) of irrigation and improve water quality in the Highwood and Little Bow rivers.

- Design and construction for the rehabilitation of the Carseland-Bow River Headworks System Rehabilitation were advanced allowing the project to move ahead of schedule.

Maintain the provincially owned water management infrastructure through efficient planning and resource allocation.

- Design and/or construction of 34 small water management infrastructure projects identified by Alberta Environment as high priorities. Approximately $10.2 million were spent on these works which are located throughout the Province.

Measure 3.1: Progress on Completion of Major Water Management Construction Projects

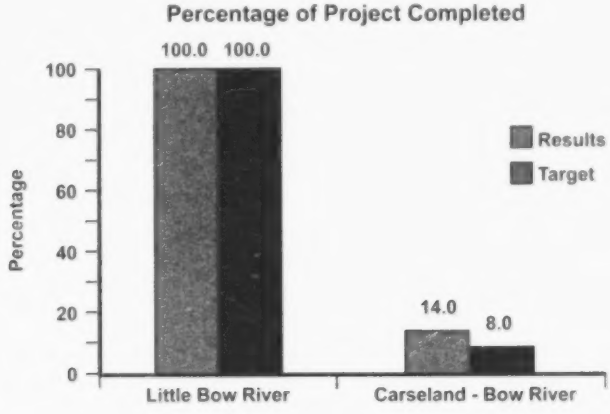
Description

This measure reflects the construction progress on major water management projects. Related activities include design, land acquisition and obtaining regulatory approvals, which precede the construction phase of each project and are not included in the overall cost of construction. These related activities are not reflected in this measure.

Rationale

This measure links to Goal 9 - "Design, construct, maintain and rehabilitate water management facilities to provide reliable water supplies and effective flood and erosion control". By measuring the construction progress on major water management projects, Transportation is able to demonstrate its ability to successfully complete these important water management projects which helps to ensure the Province is able to meet its water management objectives.

Results



About the Results

Alberta Transportation works with Alberta Environment to provide quality water management facilities and a secure water supply for municipal, domestic, agriculture, industry, recreation and other purposes. Such projects include dams and reservoirs, and canals. Some of the works include construction of flood management and erosion control measures such as dykes and bank armouring.

The percentage of completion is determined by dividing the actual construction costs incurred by the total estimated construction costs for the project.

The $95 million Little Bow River Project was substantially completed in 2003-04. This project ensures a secure supply of water to several communities in southern Alberta and to 4,660 hectares (11,500 acres) of existing irrigated farmland. It will also allow for an expansion of 8,100 hectares (20,000 acres) of irrigation in addition to the existing irrigated farming and improved water quality in the Highwood and Little Bow rivers.

The target for the Carseland-Bow River Headworks project was exceeded due to the availability of funding allowing advancement of construction contracts.

Completion estimates for these projects were made by Alberta Transportation staff.

Methodology and Data Sources

This measure is monitored throughout the year by utilizing expenditure forecasts. The final results for the measure are based on the actual construction costs for the fiscal year which are obtained from the department's Contract Management System (CMS) and the Government's financial system IMAGIS.

Trends Impacting the Measure

The primary trends that could impact the outcome of this particular measure would be increasing construction costs, weather, and the ability of the contractor to meet the project schedule. Such trends are monitored very closely and adjustments made as needed. For the reporting year, none of these trends have affected the projects within this measure.

Measure 3.2: Construction Progress on the North-South Trade Corridor

Description

This measure is the percentage (urban and rural) of the North-South Trade Corridor that is twinned and open to travel. The corridor extends from Coutts at the Alberta-United States border to the British Columbia border west of Grande Prairie, connecting Alberta to the Alaska Highway. It consists of 1,175 kilometres of highway, of which nearly 100 kilometres are within city limits.

Rationale

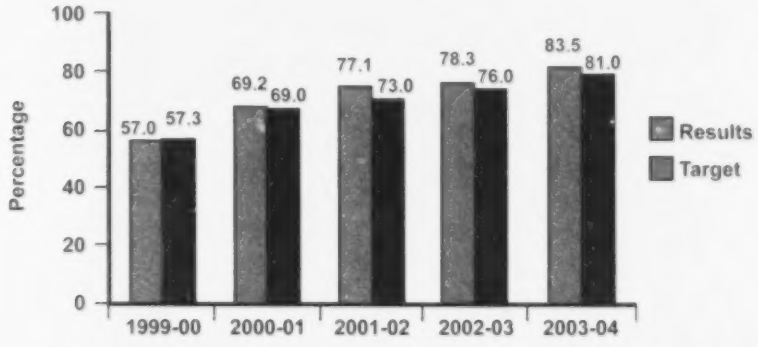
This measure links to Goal 8 - "Continue development of major trade routes to improve access to global markets". The North-South Trade Corridor forms part of the CANAMEX Corridor (CANada/AMerica/MEXico) which links the three countries and stretches some 6,000 kilometres from Anchorage, Alaska to Mexico City, Mexico. The goals of the CANAMEX Corridor are to improve access for the north-south flow of goods and people; increase transport productivity and reduce transport costs; promote a seamless and efficient inter-modal transport system; and reduce administration and enforcement costs through harmonized regulations.

Nearly $1.49 billion in trade is transported across the Canada-United States border every day. Alberta's North-South Trade Corridor is a key component of the CANAMEX Corridor and is vital to the efficient movement of goods across the Canada-United States border at Coutts. Alberta is Western Canada's largest economy and transports over 89 per cent of its exports to the United States.

In order to continue to enhance Alberta's economic competitiveness, the trucking industry must be able to respond to the demands of the growing economy. Continued economic viability depends largely on Alberta's ability to respond to the demands generated by the opening of new markets, just-in-time manufacturing and retailing, and e-business. Continued twinning of the North-South Trade Corridor will not only enhance safety of the traveling public, but also reduce costs for the trucking industry through time savings. Measuring completion of North-South Trade Corridor twinning demonstrates Transportation's continued development of major trade routes.

Results

Percentage of North-South Trade Corridor Twinned



About the Results

Alberta Transportation has completed twinning 83.5 per cent of the North-South Trade Corridor, exceeding its target of 81.0 per cent. This year, a total of 60 kilometres were twinned and opened to travel, for a total of 981.7 kilometres completed to date.

Methodology and Data Sources

The measure is based on construction project data which is updated on an ongoing basis. The percentage is calculated by totaling the number of kilometres twinned and open to travel versus the total kilometres of the corridor (1175 km).

Trends Impacting the Measure

A reprioritization of projects within the North-South Trade Corridor to address high priority safety initiatives along previously twinned sections has resulted in the extension of the completion of twinning the entire length of the corridor to 2011.

NORTHWEST TERRITORIES
BRITISH COLUMBIA
SASKATCHEWAN
MONTANA
GRANDE PRAIRIE
VALLEYVIEW
WHITECOURT
SPRUCE GROVE
EDMONTON
LEDUC
RED DEER
AIRDRIE
CALGARY
FORT MACLEOD
LETHBRIDGE
CITIES NOT OF EQUAL SCALE
EDMONTON
CALGARY
GRANDE PRAIRIE
LETHBRIDGE
North - South Trade Corridor
(includes projects prior to 2003 - 04)
Work completed in 2003 - 04
Work proposed after 2003 - 04
Proposed
Completed

CORE BUSINESS 4: REPRESENT ALBERTA'S INTERESTS IN TRANSPORTATION POLICY

The specific Ministry programs linked to this core business include a portion of Program Support and Ministry Support Services.

Financial Resources (in thousands)	Operating Expense	Capital Investment
Planned Spending (Estimates)	3,208	-
Total Authorized	3,208	-
Actual Spending in 2003-04	3,134	-
Actual Spending in 2002-03	3,032	-

Human Resources

Budgeted FTEs 26 Actual FTEs Utilized 26

This core business deals with providing long-term planning of the highway network, and developing provincial policies pertaining to highways, municipal transportation, motor carriers, and rail and air modes of transportation from the perspective of passengers, shippers and carriers. As well, influencing national and international policy on national highways, rail, air, intercity bus, ports/marine operations, border crossing services, and coordinating various barrier free transportation and climate change initiatives are part of this core business.

There were no significant variances from planned spending for this core business.

Goal 10: Research, develop and implement intelligent transportation systems

Strategies

Implement the Intelligent Transportation Systems (ITS) Strategic Plan, and explore opportunities for using ITS to improve the safety and efficiency of the provincial transportation network.

- Alberta Transportation continued to implement the Intelligent Transportation Systems Strategic Plan, including completion of the Highway 2 Blueprint study, and initiating the traffic safety data collection pilot project to implement electronic capture of violation, collision, and inspection information at the scene of an event by law enforcement officers.

- The Ministry also held discussions with federal and municipal government officials on a proposal to develop an ITS research and development program in Alberta.

Use Intelligent Transportation Systems to improve logistics at international border crossings.

- Alberta Transportation held discussions with the Canada Border Services Agency to explore the use of technology at the Alberta/US border crossing at Coutts. The extent of cooperation will depend on the federal government's plans for technology applications for its Free and Secure Trade program.

Goal 11: Participate in government cross-ministry initiatives that impact transportation

Strategies

Continue to support the Health Sustainability Initiative by working to reduce impaired driving, and promote the safe operation of snowmobiles, motorcycles and other vehicles. The Alberta Occupant Restraint Program, medical assessments of aging drivers, and fatigue management for commercial drivers also support this initiative.

- The Department is represented on the Alberta Centre for Injury Control and Research's Advisory Committee as well as its Injury Strategy Committee. Alberta Transportation will ensure that its traffic safety strategy is compatible with and contributes to the overall Alberta injury strategy. Development of a High Risk Driver strategy is underway and includes a Transportation cross-divisional planning team including the Transportation Safety Board. It is expected that the High Risk Driver strategy will lead to better identification and intervention with drivers who are displaying problematic driving behaviour. An aging driver strategy and mandatory medical reporting initiative are being developed in conjunction with Health and Wellness, Seniors and other key ministries. Staff also participated on a number of committees to promote safe transportation initiatives within Alberta including the Provincial Impaired Driving Committee (Chair), Alberta Occupant Restraint Program and the Canadian Council of Motor Transport Administrators (Board and three Standing Committees).

Support the Aboriginal Policy Initiative by continuing to provide opportunities to involve Aboriginal people in providing resources for ministry projects undertaken on their lands, and assisting Aboriginal communities to develop traffic safety strategies appropriate to their needs.

- The Carseland-Bow River Headworks System Rehabilitation project has included Aboriginal content requirements in construction contracts for work undertaken on Reaches 2 and 3, adjacent to Aboriginal lands.

- The Lethbridge Northern Headworks project achieved a significant Piikani labour component during the repairs of damage caused by the 1995 flood.

- Provided guidance and technical assistance to the Piikani Indians to assess impacts of the Oldman River dam operation on their Reserve.

- Six transportation projects occurred on Aboriginal or Métis Settlement lands providing economic benefit opportunities which included direct employment of flag persons, labourers, site security and employment coordinators as well as the provision of material resources. Our goal to provide content clauses in 100 per cent of department contracts that occur on Aboriginal or Metis Settlement lands continues to be achieved.

- Alberta Transportation Safety Services Division actively participated in the Alberta Aboriginal Traffic Safety Symposium held in September 2003. Alberta Transportation continues to participate on the steering committee to advance traffic safety initiatives in Aboriginal communities using the Alberta Occupant Restraint Program as a model.

Contribute to the Economic Development Strategy through initiatives such as twinning of the North-South Trade Corridor, support for the rural development initiative, and improving major water management infrastructure.

- Provided management and funding for the development and rehabilitation of water management infrastructure projects identified by Alberta Environment to be Provincial priorities.

- Alberta Transportation participates on the steering committee of the Rural Development Initiative and has provided feedback on how existing programs support the recommendations in the MLA report on Rural Development, "Rural Alberta Land of Opportunity".

Support the Alberta Children and Youth Initiative by continuing the Child Traffic Safety Program and implementing the Graduated Driver Licensing Program.

- Ongoing initiatives promoting enhanced Child Traffic Safety included a successful Walk the Talk event held in October 2003, and ongoing bicycle safety, school bus safety and child restraint initiatives. The implementation of Graduated Driver Licensing in May 2003 and the subsequent development of the "Geared to Go" manual which will assist parents in safely preparing their son or daughter to drive, will enhance young driver safety in Alberta. Alberta Transportation continues to work toward the resolution of school bus safety issues with school divisions and the school bus industry.

Goal 12: Work with other jurisdictions in pursuing national programs and improving access to inter-modal transportation

Strategies

Participate in the Western Transportation Ministers' Council to develop and implement strategies to address western transportation issues.

- Alberta has worked with the other western provinces to develop and identify transportation networks of regional importance in the west. It has also identified key issues that should be addressed to sustain that infrastructure in the future.

Partner with other jurisdictions and stakeholders to develop a national transportation strategy, and collaborate with Regional Airport Authorities to develop input into the National Aviation Strategy.

- Alberta has worked with the National Council of Deputy Ministers Responsible for Transportation and Road Safety. The department has participated in a number of working groups dealing with: identifying national highway system, creating a "multimodal blueprint" that will define infrastructure of national importance in Canada, and reviewed steps taken in other countries to manage and support strategic infrastructure.

- Alberta Transportation has also worked with the federal and provincial/territorial governments in a number of aviation-related issues including: the federal strategy for small airport viability, the Airport Capital Assistance Program survey, provided input to the draft *Canada Airports Act*, and commented on the federal government's Airport Rent Review, Air Travelers Security Charge and new regulation for Aircraft Emergency Intervention Services at Medium-Sized Airports (CAR 308). In addition to this, Alberta Transportation participated with Aviation Alberta, an industry-led committee that deals with aviation and aerospace interests in the province.

Work with the federal government and other provinces and territories on financing and regulatory issues.

- Through the Council of Deputy Ministers of Transportation, Alberta Transportation continued to work with other provinces and territories to urge the federal government to invest in transportation more in line with the federal fuel tax revenue collected.

- To streamline and improve the management and regulation of the motor carrier industry between provinces, the Ministry signed a Memorandum of Understanding with British Columbia Ministry of Transportation to pursue opportunities to establish joint-use vehicle inspection station facilities.

Partner with Canadian and American governments and the State of Montana to complete the new joint border-crossing facility at Coutts/Sweetgrass.

- The department has worked co-operatively with Revenue Canada, United States General Services Administration and Montana Department of Transportation in the development of the site layout plans to improve operations, increase capacity and speed up flow through site for commercial and non-commercial users. The site is scheduled for completion this fall. The department is also advancing the four-laning of Highway 2 in 2004 through Coutts to tie into the upgrading of the Joint Border Crossing Facility.)

Measure 4: Client Satisfaction Survey

Description

Alberta Transportation strives to foster an organization where clients consistently experience positive outcomes when interacting with the department. In order to measure the satisfaction of clients with the services provided by the department, Transportation conducts a client satisfaction survey every two years. The latest client satisfaction survey was conducted for the 2003 calendar year. Banister Research was engaged on behalf of the Ministry to undertake this survey. This ensures the confidentiality of the individual results.

Rationale

This measure links to all the core businesses of the ministry and provides an overall indication of our clients' satisfaction with the services provided by Ministry staff. The information received from the survey is used to enhance the services that are delivered. The Ministry considers the results and the information provided by the survey in strategic planning to address/improve the satisfaction of clients in the future. The Ministry's commitment to providing quality service to our clients is illustrated by the overall results.

Results

About the Results

Client satisfaction is measured according to a six-point scale where 1 represents very unsatisfied and 6 is very satisfied. In 2003, clients rated Alberta Transportation's overall quality of service at 4.9, which exceeds the 2003 target of 4.6 and is an improvement over the past 2001 result of 4.5 which falls between somewhat satisfied and satisfied. The results represent the average rating for overall quality of service for the key department service areas combined. On average, the results are accurate within ± 2.0 per cent, 95 per cent of the time. The proficiency and courtesy of staff in particular were consistently rated most highly by Transportation clients.

The results for the 2000 survey included Alberta Infrastructure, and resulted in a total combined score of 4.4. Following the formation of the Ministries of Infrastructure and Transportation in the spring of 2001, the results from the prior year's survey were separated into two reports to enable the Ministry to compare the results from year to year.

In order to allow for sufficient time for the Ministry to develop and implement strategies to effectively deal with the results of the client satisfaction survey, the survey is conducted every second calendar year with the next survey planned for January 2006 to report on the 2005 calendar year.

Trends Impacting the Measure

Client satisfaction ratings can be impacted by the last interaction a client may have had with the Ministry. In 2002-03, due to the uncertainty of fluctuating provincial revenues, reductions in grant funding to municipalities were planned in the budget but later restored to Premier's Task Force on Infrastructure levels. Alberta Transportation will continue to make every effort to ensure that clients are apprised of program, policy and legislative changes in a proactive manner.

In the past couple of years Transportation has taken on additional responsibilities, extended programs, or undertaken new initiatives that have changed the composition of its client base. The changes in client base may also influence survey results.

Future Changes to the Measure

The client satisfaction measure will be refined for next year to monitor the satisfaction of municipal clients with the overall quality of service. This measure will be reported as the percentage of municipal clients satisfied with overall quality of service and not as an average rating of satisfaction. The results of past surveys will be restated to provide consistency for comparison of past results. Satisfied clients are defined as the percentage responding "somewhat satisfied", "satisfied", and "very satisfied" on a balanced 6-point scale (1 is very unsatisfied, 6 is very satisfied) to the question, "looking back to 2003, how satisfied are you with overall quality of service" when thinking of the management of municipal grant programs.

Methodology and Data Sources

The 2003 survey was delivered by mail to 3,388 clients with later telephone follow-up. Clients are defined as organizations that interact directly with Alberta Transportation. The general public, and indirect clients who received services through a third-party provider, are not included in the survey due to their limited direct interaction with the Ministry. There were a total of 1048 surveys completed and returned for a response rate of 42 per cent per cent and an 8 per cent refusal rate. 900 client contacts were excluded from the analysis due to incorrect contact information, surveys being returned as undeliverable, and clients indicating that they did not have contact with Transportation in 2003.

The respondents were asked to rate the Ministry on nine key service areas for:

- Clarity of written materials
- Ease of access to information
- Ease of access to services
- Consistency of services
- Timeliness of service delivery
- Proficiency of staff
- Courtesy of staff
- Overall quality of services

ADDITIONAL ACHIEVEMENTS

Premier's Award of Excellence

The department received a Gold Award of Excellence for its submission on "Public Private Partnerships for Alberta's Highways". An Alternative Project Delivery Mechanisms team assessed the viability of public/private partnerships (P3s) in the context of Alberta's transportation infrastructure. Significant challenges lay in the fact that any P3 project would likely be 200 to 300 times larger than the "average" transportation contract. As a result of their work, the department is now using the team's P3 process to deliver the $300 million Edmonton Southeast Ring Road project.

The department received a bronze award in the area of dangerous goods safety for achieving excellence as an ongoing work unit involved in the administration of a very complex set of regulations. The branch's three operational sections of program delivery are the Co-ordination and Information Centre, Dangerous Goods Inspection Services and Rail Safety. As a result of their work, the branch has achieved a leadership position in Canada, and has influenced standards and guidelines internationally, through the work done in Alberta.

The department was also awarded a bronze award for Environmental Management System Development. The Environmental Management System (EMS) project is an organizational approach to environmental management with the goal of managing the impact of the department's activities on the environment. The work done by the project team is now being moved to a second phase, where the EMS will expand to include all divisions within Alberta Transportation, with the goal of making environmental considerations part of daily activities.

Dam and Reservoir Projects

Official opening ceremonies of the St. Mary Dam Spillway and the Pine Coulee Dam projects were held June 12, 2003.

The Consulting Engineers of Alberta recognized the Little Bow River Project, Dam and Reservoir Component with an Award of Merit to AMEC Earth and Environmental Limited, the project consultant.

CROSS-MINISTRY INITIATIVES

Cross-Ministry Policy Initiatives

Aboriginal Policy Initiative

Purpose: To improve the well-being and self-reliance of Aboriginal people and clarify federal, provincial and Aboriginal roles and responsibilities.

Linkages to Government Business Plan Goals:
Goal 1 - Albertans will be healthy
Goal 2 - Albertans will be well prepared for lifelong learning and work
Goal 3 - Alberta's children will be supported in reaching their potential
Goal 5 - Aboriginal communities in Alberta will be effective and self-reliant

Economic benefits as a result of department projects have resulted in direct employment of flag persons, labourers, site security and employment coordinators as well as the provision of material resources. Our goal to provide content clauses in 100 per cent of department contracts that occur on Aboriginal or Métis Settlement lands continues to be achieved. We continue to be involved as an active member of the Aboriginal Policy Initiative Interdepartmental Committee.

Alberta Children and Youth Initiative

Purpose: Support the healthy development of Alberta's children and youth through the joint efforts of provincial government ministries, local boards and authorities, families and communities.

Linkages to Government Business Plan Goals:
Goal 1 - Albertans will be healthy
Goal 2 - Albertans will be well prepared for lifelong learning and work
Goal 3 - Alberta's children will be supported in reaching their potential
Goal 10 - Alberta will be a fair and safe place to work, live and raise families

Our goal is to improve road user safety through programs such as the new Graduated Driver Licensing Program and the continuing Child Traffic Safety Program. The latter program includes successful events such as Walk the Talk in October 2003, as well as ongoing bicycle safety, school bus safety and child restraint initiatives. Young driver safety is a priority, which is why the "Geared to Go" manual was developed to assist parents in safely preparing their children to drive.

Economic Development Strategy

Purpose: A future of opportunity in a province that's unmatched through ministries working together with business, industry, communities, other governments and public institutions, employees and other stakeholders.

Linkages to Government Business Plan Goals:
Goal 2 - Albertans will be well prepared for lifelong learning and work
Goal 7 - Alberta will have a prosperous economy
Goal 8 - Alberta will have effective and efficient transportation and utilities infrastructure
Goal 10 - Alberta will be a fair and safe place to work, live and raise families

Alberta Transportation participates on the steering committee of the Rural Development Initiative and has provided feedback on how existing programs support the recommendations in the MLA report on Rural Development, "Rural Alberta Land of Opportunity".

Health Sustainability Initiative

Purpose: To enhance the sustainability of the health care system now and in the future by strengthening collaboration and coordination across Ministries.

Linkages to Government Business Plan Goals:
Goal 1 - Albertans will be healthy
Goal 4 - Albertans will be self-reliant and those unable to provide for their basic needs will receive help

This initiative is supported by working to reduce impaired driving, and promoting the safe operation of snowmobiles, motorcycles and other vehicles. The Alberta Occupant Restraint Program, medical assessments of aging drivers, and fatigue management for commercial drivers also support this initiative. A High Risk Driver strategy is underway, which is expected to lead to better identification and intervention of drivers displaying problematic behaviour.

Cross-Ministry Administrative Initiatives

Alberta Corporate Service Centre Initiative

The Alberta Corporate Service Centre (ACSC) provides administrative, finance, human resource and information technology services to Government of Alberta ministries. In addition, ACSC facilitates the sharing of other services and expertise throughout government. Transportation continues to support this initiative by cooperating and working with the ACSC to achieve efficiencies.

Corporate Human Resource Development Strategy

Alberta Transportation administered the Corporate Employee Survey to 431 employees in October and November of 2003. This survey is used across the Government of Alberta to measure ministry contributions and progress towards the Corporate Human Resource Development Strategy, as well as employee satisfaction with key aspects of their work as Alberta Government employees. Results for some questions improved, and Alberta Transportation continued to lead the Government of Alberta scores in many areas. After gathering input from staff, action plans were developed in each division to improve results in key areas.

The 2003-2006 Human Resource Plan for Alberta Transportation, People Strategies for Success, provided a framework of human resource priorities and initiatives that is aligned with and supports the implementation of the Corporate Human Resource Development Strategy, as well as the business goals of the department.

Corporate Information Management/Information Technology Strategy

The ministry established Information Technology (IT) protocols and processes to support Information Technology operations services, which greatly improved the communications and operations efficiency between the business, Information Management Branch (IMB) and our IT service provider (EDS). Through working with IT Service Provider-EDS, an Integrated Outsourcing Model based on the Engineering Outsourcing Model was established. Under this model, IMB will gain centralized control and governance of IT processes and direction, while EDS will be involved primarily in IT delivery.

Support was also provided to the Corporate Chief Information Officer (CCIO) in migrating towards the ICT Service Coordination Initiative. Work continued on the development and deployment of the Electronic Document Management System (EDMS), and the Transportation Routing and Vehicle Information System (TRAVIS), as well as the Web services and Mobile Communications initiatives.

Service Alberta Initiative

The ministry contributed to the Communication Team, Service Excellence Team, Service Alberta G2P Pattern Team and the Web Development Council. The ministry identified and initiated resolution of cross-ministry issues relating to the provision of services through the Service Alberta delivery model. Service description record updates were provided to Service Alberta for the Directory of Services. As well, the ministry assisted in strategic planning by providing feedback and input on leadership, coordination and strategic direction in delivering citizen-focused services to Albertans. In addition, assistance was provided in finalizing the Key Administrative Initiative by reviewing and providing input on performance measures. Promotional information was shared with ministry staff and the launch of the updated Service Alberta Web site was promoted to all staff.

A LOOK TO THE FUTURE

Major Initiatives

Implement the North America Cargo Securement Standard in Alberta.

Implement an enhanced bus Operating Authority program in 2005 as part of the continued development of Department programs to serve industry. The enhancements will allow the Transportation Safety Board to function as an appeal mechanism to the department's decisions.

Implement the new federal Hours of Service Regulation in Alberta and amend Alberta's regulation to harmonize with national rules.

Ensure Alberta's effective contribution to the national Road Safety Vision 2010, through a comprehensive provincial traffic safety strategy.

Review the impacts of the introduction of periodic medical reporting requirements for Class 3 commercial drivers in order to achieve compliance with the National Safety Code and the Canadian Council of Motor Transport Administrators (CCMTA) Medical Standards for Drivers. This change, if implemented, will ensure that all commercially licensed vehicle operators will be required to pass a medical exam, and thereby reduce collisions related to medical conditions.

In conjunction with Justice and Attorney General, Government Services, Health and Wellness and Seniors, evaluate the impact on Albertans if mandatory disclosure by physicians of medically at risk drivers is introduced.

Refine the process of driver fitness review, including greater protection of personal information. This work is being completed collaboratively with Government Services and the Alberta Medical Association.

Negotiate and implement a harmonized National Safety Code program by January 2005. The negotiation of a harmonized motor carrier safety rating system with all Canadian provinces will ensure equal safety ratings and disciplinary action in all jurisdictions, and provide for a high level of safety management across Canada.

Continue to develop a professional driver certification program in concert with the Transportation Training and Development Association, for the purpose of providing a more comprehensive approach to motor carrier industry training needs. In turn, the new approach will be used to ensure a steady growth in professional driver competencies, attraction of new drivers and improved overall motor carrier safety.

Challenges

Aging Infrastructure - To preserve the extensive provincial highway network and ensure that taxpayer's investment is protected will require a significant annual investment. Transportation will work to address this issue in future years.

Increasing Demand - Due to an increasing population and a fast growing economy, the amount of traffic in Alberta continues to rise. Rapid urbanization is stressing existing transportation infrastructure around major cities, while many small urban and rural communities are shrinking. This results in major implications for the safety of Alberta's roads and drivers.

Changing Demographics - With an aging population, demand is increasing to ensure that medically at risk drivers remain safe, yet mobile.

Environmental Responsibility - Governments, interest groups and communities in general are increasingly aware of environmental impacts. Alberta Transportation continues to ensure that sound environmental practices are applied in managing the provincial highway network.

Strategic Priorities

Transportation will continue to respond to increasing traffic volumes by exploring innovative roadway infrastructure delivery options, such as public-private partnerships (P3s), which will become increasingly important in light of current fiscal trends, and the needs of Albertans for effective transportation.

The ministry will lead the development and implementation of initiatives to increase driver safety and reduce traffic collisions, injuries, and fatalities in response to recommendations from the Traffic Safety Review with involvement from partners and stakeholders.

The ministry will continue to enhance provincial highway infrastructure such as the North-South Trade Corridor to accommodate increased traffic volumes and facilitate trade.

Transportation will work to address environmental concerns by planning the development and implementation of a system to integrate environmental considerations into its activities. We will also contribute to government's Climate Change Initiative and Water for Life strategy, a comprehensive, key strategic priority for water and watershed management to ensure safe, secure drinking water; healthy aquatic ecosystems; and reliable, quality water supplies for a sustainable economy.

Transportation will work with other jurisdictions to improve the efficient movement of goods from Alberta to export markets. It will continue to collaborate with other jurisdictions on projects such as the replacement of aging vehicle inspection stations with joint-use facilities under the Alberta/British Columbia protocol and Memorandum of Understanding.

The new *Highways Development and Protection Act*, which combines the *Public Highways Development Act* and the *City Transportation Act* will provide a single legislative framework for the planning, development and protection of the provincial highway network. With greater population growth there is a need to manage development near highways as well as to manage access to highways. The new legislation will give municipalities, including cities, developers and utility companies the knowledge they need to plan to meet Alberta's continuing highway development needs.

ALBERTA TRANSPORTATION
FINANCIAL STATEMENTS

ALBERTA TRANSPORTATION FINANCIAL STATEMENTS

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AUDITOR GENERAL *Alberta*

Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Transportation as at March 31, 2004 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry of Transportation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 21, 2004

MINISTRY OF TRANSPORTATION
STATEMENT OF OPERATIONS
Year ended March 31, 2004

(in thousands)

	2004 Budget (Schedule 4)	2004 Actual	2003 Actual
Revenues (Schedule 1)			
Transfer from Lottery Fund	$ 95,000	$ 95,000	$ 65,000
Transfers from Government of Canada	9,400	5,871	1,596
Fees, Permits and Licenses	11,475	18,140	14,832
Other Revenue			
Refunds of Expenditures	2,225	1,859	8,193
Miscellaneous	470	3,762	2,880
	118,570	124,632	92,501
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	26,541	31,243	28,895
Construction, Upgrading and Operation of Infrastructure	862,577	810,272	644,137
	889,118	841,515	673,032
Statutory			
Valuation Adjustments			
Decrease in Doubtful Accounts	-	-	(16)
Provision for Vacation Pay	-	685	16
	-	685	-
	889,118	842,200	673,032
Loss on Disposal of Tangible Capital Assets	-	199	6,765
Net Operating Results	$ (770,548)	$ (717,767)	$ (587,296)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
STATEMENT OF FINANCIAL POSITION
March 31, 2004

	(in thousands) 2004	2003
ASSETS		
Cash	$ 329	$ 4,222
Accounts Receivable (Note 4)	12,609	5,977
Advances (Note 5)	88	101
Inventories (Note 6)	9,649	9,435
Tangible Capital Assets (Note 7)	6,644,021	6,596,025
	$ 6,666,696	$ 6,615,760
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 88,840	$ 125,644
Holdbacks Payable	17,109	9,855
	105,949	135,499
NET ASSETS		
Net Assets at Beginning of Year	6,480,261	6,445,528
Net Operating Results	(717,767)	(587,296)
Net Transfer from General Revenues	798,253	622,029
Net Assets at End of Year	6,560,747	6,480,261
	$ 6,666,696	$ 6,615,760

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
STATEMENT OF CASH FLOW
Year ended March 31, 2004

	(in thousands) 2004	2003
Operating Transactions		
Net Operating Results	$ (717,767)	$ (587,296)
Non-cash Items:		
Amortization (Schedule 5)	189,448	185,210
Loss on Disposal of Tangible Capital Assets	199	6,765
Inventory Adjustment	(63)	(751)
Consumption of Inventory (Schedule 5)	21,854	18,964
Valuation Adjustments	685	-
	(505,644)	(377,108)
Increase in Accounts Receivable	(6,632)	(1,393)
Decrease in Advances	13	37
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(37,489)	44,795
Increase (Decrease) in Holdbacks Payable	7,254	(4,089)
Cash Applied to Operating Transactions	(542,498)	(337,758)
Capital Transactions		
Aquisition of Tangible Capital Assets (Schedule 5)	(369,020)	(308,391)
Purchase of Inventories (Schedule 5)	(21,393)	(18,405)
Transfer of Tangible Capital Assets to Other Government Entities (Schedule 7)	130,609	46,108
Proceeds from Disposal of Tangible Capital Assets	156	402
Cash Applied to Capital Transactions	(259,648)	(280,286)
Financing Transactions		
Net Transfer from General Revenues	798,253	622,029
Increase (decrease) in Cash	(3,893)	3,985
Cash, Beginning of Year	4,222	237
Cash, End of Year	$ 329	$ 4,222

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2004

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Transportation operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Minister is responsible for:

- the development, construction and maintenance of an integrated transportation system to facilitate the safe and efficient movement of people and products, and the economic development of the Province;
- assisting in the provision of municipal water supply and waste water facilities;
- administering and providing funding for the Infrastructure Canada-Alberta Program which funds a wide variety of municipal infrastructure projects; and
- Water Management Infrastructure.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Transportation which consists of the Department of Transportation for which the Minister of Transportation is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2004

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated Revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. They are often referred to as grants. Expenses are recognized as follows:
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur; and
  - grants, which are transfers made at the discretion of government, are recognized when payment is authorized.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 8.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2004

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $15,000. All land is capitalized.

Tangible capital assets of the Ministry include work in progress for buildings, computer hardware and software, highways and bridges. These costs are capitalized but not amortized until the asset is in service.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets, less any nominal proceeds, are recorded as grants in kind.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by the Ministry and its liabilities.

Site Remediation and Reclamation

Certain liabilities may exist for site remediation and reclamation which may be the responsibility of the Ministry but are not quantified. The potential costs relate to restoring building and other sites to acceptable contractual or environmental standards. Costs for site remediation and reclamation are recognized in the financial statements when work is undertaken. No annual provision is made for future site remediation and reclamation.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2004

NOTE 3 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and holdbacks payable are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 4 ACCOUNTS RECEIVABLE
(in thousands)

	2004			2003
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Transfers from Government of Canada	$ 7,171	$ -	$ 7,171	$ 1,596
Fees, Permits and Licenses	3,426	16	3,390	3,277
Cost Recoveries	2,048	-	2,048	1,104
	$ 12,645	$ 16	$ 12,609	$ 5,977

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 ADVANCES
(in thousands)

	2004			2003
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Travel advances (1)	$ 88	$ -	$ 88	$ 101

(1) The Ministry has used funds advanced by Alberta Finance to provide travel advances.

NOTE 6 INVENTORIES
(in thousands)

Inventories consist of consumables for the delivery of highway transportation programs.

	2004	2003
Sand, salt and gravel	$ 9,649	$ 9,435

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2004

NOTE 7 TANGIBLE CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

		2004			2003
	Estimated Useful Life	Cost (2)	Accumulated Amortization	Net Book Value	Net Book Value
Land	Indefinite	$ 331,693	$ –	$ 331,693	$ 318,197
Buildings	40 years	17,479	6,608	10,871	11,294
Equipment	5-10 years	11,692	5,478	6,214	5,273
Computer hardware and software	3-10 years	70,425	34,655	35,770	31,783
Provincial highways and roads (1)	50 years	7,786,603	2,180,148	5,606,455	5,481,903
Bridges	50 years	809,642	212,221	597,421	590,968
Dams and water management structures (3)		55,597	–	55,597	156,607
		$ 9,083,131	$ 2,439,110	$ 6,644,021	$ 6,596,025

(1) Highways include original pavement, roadbed, drainage works, and traffic control devices.

(2) Included in the cost of land, buildings, equipment, computer hardware and software, Provincial Highways, roads, bridges, and dams and water management structures is work in progress amounting to $305,402 (2003 - $297,156).

(3) Dams and water management structures are constructed by the Ministry and transferred to the Department of Environment upon their completion. The Ministry of Transportation does not amortize these assets.

NOTE 8 STRATEGIC HIGHWAY INFRASTRUCTURE PROGRAM

In August 2001, the Alberta Government and the Federal Government signed a five-year Strategic Highway Infrastructure Program (SHIP) agreement. Under the agreement, the two governments will share the costs of certain projects for the construction and rehabilitation work on the national highway system in the Province. Alberta Transportation will undertake the projects and the Federal Government will reimburse 50% of the eligible cost of approved projects.

Transfers from the Federal Government are recognized as revenue when eligible expenses are incurred. The full cost of the project is being capitalized and amortized over the useful life of the infrastructure.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2004

NOTE 9 COMMITMENTS
(in thousands)

As at March 31, 2004, the Ministry had the following commitments:

	2004	2003
Construction Contracts	$ 253,650	$ 192,019
Information Technology Agreements	44,942	7,204
Service and Maintenance Agreements	400,220	301,619
Grants	330,320	168,131
Long-term Leases (a)	1,070	1,538
	$ 1,030,202	$ 670,511

(a) The Department leases vehicles under operating leases that expire on various dates to 2008. The aggregate amounts payable for the unexpired terms of theses leases are as follows:

2005	$ 669
2006	289
2007	106
2008	6
	$ 1,070

NOTE 10 CONTINGENCIES
(in thousands)

At March 31, 2004, the Ministry is a defendant in 120 legal claims (2003 - 168 legal claims). Ninety-six of these claims have specified amounts totaling $284,131 and the remaining 24 have not specified any amount (2003 - 114 claims with a specified amount of $385,597 and 54 with no specified amount). Included in the total legal claims are 5 claims in which the Ministry has been jointly named with other entities, 5 of which have specified claims amounting to $204,613. Sixty-three claims amounting to $52,388 (2003 - 76 claims amounting to $52,876) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Certain contingent liabilities may exist for site remediation and reclamation which may be the responsibility of the Ministry. The potential costs relate to reclaiming aggregate pits to legislative standards and contractual standards where applicable. Also, the potential costs relate to contaminated lands purchased for highway construction. The amount of such potential contingent liabilities cannot be reasonably determined. Costs for site remediation and reclamation are recognized in the financial statements when work is undertaken.

MINISTRY OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2004

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION
(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2004, the Ministry had under administration the Impaired Driving Initiatives Trust Fund with a balance of $102 (2003 - $6).

NOTE 12 PAYMENTS UNDER AGREEMENT
(in thousands)

The Ministry has entered into agreements to deliver programs and services that are partly funded by the Government of Canada and the Kananaskis Improvement District. Costs incurred under these agreements are made by the Ministry under authority of the Financial Administration Act, Section 25. Amounts paid and payable under agreements with program sponsors are as follows:

	2004	2003
Government of Canada (program sponsor)		
Infrastructure Canada - Alberta Program	$ 38,220	$ 16,813
Kananaskis Improvement District (program sponsor)		
Roadway maintenance	73	73
	$ 38,293	$ 16,886

NOTE 13 DEFINED BENEFIT PLANS
(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $3,741 for the year ended March 31, 2004 (2003 - $2,920).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of $290,014 (2002 - $301,968) and the Public Service Pension Plan reported an actuarial deficiency of $596,213 (2002 - actuarial deficiency $175,528). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $9,312 (2002 - $6,472).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of $9,766 (2003 - $14,434) and the Management, Opted Out and Excluded Plan an actuarial surplus of $1,298 (2003 - actuarial deficiency of $3,053). The expense for these two plans is limited to employer's annual contribution for the year.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
REVENUES

SCHEDULE 1

Year ended March 31, 2004

(in thousands)

	2004		2003
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from Lottery Fund	$ 95,000	$ 95,000	$ 65,000
Transfers from the Government of Canada			
Cost Recoveries and Contributions	9,400	5,871	1,596
Fees, Permits and Licenses			
Motor Transport Services	11,475	17,868	14,586
Other	-	272	246
	11,475	18,140	14,832
Other Revenue			
Refunds of Expenditure			
Previous Years' Refunds	1,000	1,659	6,560
Brazeau River Bridge Repair	-	-	1,404
Lethbridge Railway Relocation Project	225	200	229
	1,225	1,859	8,193
Miscellaneous			
Cost Recoveries	1,000	2,489	2,057
Other	470	1,273	823
	1,470	3,762	2,880
	$ 118,570	$ 124,632	$ 92,501

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
DEDICATED REVENUE INITIATIVES
Year ended March 31, 2004
(in thousands)

SCHEDULE 2

	2004		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Traffic Related Electronic Data Strategy (TREDS)	$ 100	$ 100	$ -
National Safety Code	680	680	-
Child Traffic Safety Initiative	25	25	-
Strategic Economic Corridor Investment Initiative	180	192	12
	$ 985	$ 997	$ 12

Traffic Related Electronic Data Strategy (TREDS)
The Traffic Related Electronic Data Strategy (TREDS) is an agreement between Alberta Transportation, Manitoba Transportation and Government Services, and Transport Canada to conduct a pilot project of the State of Iowa's Traffic and Criminal Software uses to determine if the product meets the needs of the Canadian jurisdictions.

National Safety Code
The Federal Government provides financial assistance to the provincial/territorial jurisdictions to assist in achieving consistent implementation of the National Safety Code. The Federal Government has agreed to contribute $680 per year for 3 years beginning in 2001/2002 and terminating in 2003/2004.

Child Traffic Safety Initiative
The Alberta Traffic Safety initiative and its partners are committed to developing programs that build a province-wide network of communities dedicated to keeping children safe. Revenues were received from Shaw Cable in support of child traffic safety activities.

Strategic Economic Corridor Investment Initiative
Revenues were received from the contractor for the relocation of water lines on Anthony Henday Drive.

The above dedicated revenues are included in the Statement of Operations.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2004

SCHEDULE 3

(in thousands)

	2004		2003
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 57,945	$ 55,472	$ 51,179
Supplies and Services	324,112	330,284	290,618
Grants	262,993	244,387	126,951
Financial Transactions and Other	68	70	110
Amortization of Tangible Capital Assets and Consumption of Inventory	244,000	211,302	204,174
Total Voted Expenses	$ 889,118	$ 841,515	$ 673,032

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
BUDGET
Year ended March 31, 2004

SCHEDULE 4

(in thousands)

	2003-2004 Estimates	Authorized Supplementary (a)	2003-2004 Authorized Budget
Revenues			
Transfer from Alberta Lottery Fund	$ 95,000	$ -	$ 95,000
Transfers from Government of Canada	9,400	380	9,780
Fees, Permits and Licenses	11,475	-	11,475
Other Revenue	2,695	25	2,720
	118,570	405	118,975
Expenses - Directly Incurred			
Voted Expenses			
Ministry Support Services	26,541	-	26,541
Construction, Upgrading and Operation of Infrastructure	862,577	405	862,982
	889,118	405	889,523
Statutory Expenses			
Valuation Adjustments			
Provision for Doubtful Accounts	-	-	-
Provision for Vacation Pay	-	-	-
	-	-	-
	889,118	405	889,523
Net Operating Results	$ (770,548)	$ -	$ (770,548)
Equipment/Inventory Purchases	$ 35,000	$ -	$ 35,000
Capital Investment	$ 372,080	$ -	$ 372,080

(a) Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act (for net budgeted initiatives).

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
COMPARISON OF EXPENSES - DIRECTLY INCURRED, EIP AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
Year ended March 31, 2004
(in thousands)

SCHEDULE 5

	2003-2004				
	Estimates	Authorized Supplementary (a)	Authorized Budget	Actual Expense (b)	Unexpended (Over Expended)
Voted Expenses and Capital Investment					
Ministry Support Services					
1.0.1 Minister's Office	$ 385	$ -	$ 385	$ 378	$ 7
1.0.2 Deputy Minister's Office	440	-	440	480	(40)
1.0.3 Ministry Support Services					
- Operating Expense	25,716	-	25,716	30,385	(4,669)
- Equipment/Inventory Purchases	15,000	-	15,000	11,446	3,554
TOTAL PROGRAM 1	**41,541**	-	**41,541**	**42,689**	**(1,148)**
Construction, Upgrading and Operation of Transportation Infrastructure					
2.1 Transportation Safety Services					
2.1.1 Transportation Safety Services	26,269	405	26,674	27,903	(1,229)
2.1.2 Transportation Safety Board	1,000	-	1,000	982	18
Total Sub-program	27,269	405	27,674	28,885	(1,211)
2.2 Highway Systems					
2.2.1 Provincial Highways					
- Operating Expense	265,669	-	265,669	272,914	(7,245)
- Equipment/Inventory Purchases	20,000	-	20,000	21,393	(1,393)
- Capital Investment	130,600	-	130,600	117,487	13,113
2.2.2 Other Road Infrastructure					
- Operating Expense	13,000	-	13,000	11,754	1,246
- Equipment/Inventory Purchases	-	-	-	208	(208)
- Capital Investment	1,300	-	1,300	978	322
2.2.3 Strategic Economic Corridor Investment Initiative					
- Capital Investment	205,180	-	205,180	208,582	(3,402)
Total Sub-program	635,749	-	635,749	633,316	2,433
2.3 Municipal Partnerships					
2.3.1 Rural Transportation Partnerships					
- Operating Expense	27,000	-	27,000	24,887	2,113
- Operating Expense funded by Lotteries	35,000	-	35,000	35,000	
2.3.2 Resource Roads / New Industry					
- Operating Expense	16,000	-	16,000	14,235	1,765
- Capital Investment	1,000	-	1,000	-	1,000
2.3.3 Alberta Cities Transportation Partnerships	131,700	-	131,700	114,193	17,507
2.3.4 Streets Improvement Program					
- Operating Expense	5,000	-	5,000	6,738	(1,738)
- Operating Expense funded by Lotteries	25,000	-	25,000	25,000	
2.3.5 Municipal Water and Wastewater Grants					
- Operating Expense	5,000	-	5,000	4,805	195
- Operating Expense funded by Lotteries	20,000	-	20,000	20,000	
Total Sub-program	265,700	-	265,700	244,858	20,842
2.4 Infrastructure Canada/ Alberta Program					
2.4.1 Infrastructure Canada/Alberta Program					
- Operating Expense	18,000	-	18,000	10,835	7,165
Total Sub-program	18,000	-	18,000	10,835	7,165

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
COMPARISON OF EXPENSES - DIRECTLY INCURRED, EIP AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
Year ended March 31, 2004
(in thousands)

SCHEDULE 5
(continued)

	2003-2004				
	Estimates	Authorized Supplementary (a)	Authorized Budget	Actual Expense (b)	Unexpended (Over Expended)
2.5 Program Services					
2.5.1 Program Services					
- Operating Expense	29,939	-	29,939	29,724	215
- Equipment/Inventory Purchases	-	-	-	41	(41)
Total Sub-program	29,939	-	29,939	29,765	174
2.6 Financial Transactions					
2.6.1 Amortization of Tangible Capital Assets	219,000	-	219,000	189,448	29,552
2.6.2 Consumption of Inventories	25,000	-	25,000	21,854	3,146
Total Sub-program	244,000	-	244,000	211,302	32,698
2.7 Water Management Infrastructure					
2.7.1 Capital Investment	19,000	-	19,000	15,278	3,722
2.7.2 Capital Investment funded by Lotteries	15,000	-	15,000	15,000	-
Total Sub-program	34,000	-	34,000	30,278	3,722
TOTAL PROGRAM 2	**1,254,657**	**405**	**1,255,062**	**1,189,239**	**65,823**
	$ 1,296,198	**$ 405**	**$ 1,296,603**	**$ 1,231,928**	**$ 64,675**
Program Operating Expense	809,118	405	809,523	761,515	48,008
Program Operating Expense Funded by Lotteries	80,000	-	80,000	80,000	-
Equipment/Inventory Purchases	35,000	-	35,000	33,088	1,912
	924,118	405	924,523	874,603	49,920
Program Capital Investment	357,080	-	357,080	342,325	14,755
Program Capital Investment Funded by Lotteries	15,000	-	15,000	15,000	-
	372,080	-	372,080	357,325	14,755
	$ 1,296,198	$ 405	$ 1,296,603	$ 1,231,928	$ 64,675
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	$ -	$ -	$ -	$ -	$ -
Provision for Vacation Pay	-	-	-	685	(685)
	$ -	$ -	$ -	$ 685	$ (685)

(a) Treasury Board Minutes were approved on December 11, 2003 and January 28, 2004.

(b) Includes achievement bonus of $1,109.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2004

SCHEDULE 6

	2004				2003
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total
Deputy Minister [4][5]	$152,808	$ 29,836	$ 36,252	$ 218,896	$ 237,604
Other Executives					
Chair, Transportation Safety Board [5]	128,364	18,798	29,024	176,186	182,699
Assistant Deputy Minister, Transportation Safety Services	128,364	18,798	29,024	176,186	178,807
Assistant Deputy Minister, Transportation and Civil Engineering	128,364	18,798	28,696	175,858	177,582
Assistant Deputy Minister, Policy and Planning	128,364	18,798	29,024	176,186	178,229
Executive Director, Information Management Branch [5][6]	26,577	36,317	7,309	70,203	143,966
Executive Director, Human Resources [7]	109,673	16,112	23,991	149,776	143,409
Executive Director, Finance and Business Management [8]	107,640	15,762	23,774	147,176	140,317

Prepared in accordance with Treasury Board Directive 03/2004.

Total salary and benefits related to a position are disclosed.

(1) Base salary includes pensionable base pay.
(2) Other cash benefits include bonuses, vacation payments, overtime, and lump sum payments.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in non-cash benefits figures.
(5) Other cash benefits include the following vacation payouts:
Deputy Minister $0 (2003 $11,313); Chair, Transportation Safety Board $0 (2003 $4,752); Executive Director, Information Management Branch $36,317 (2003 $0)
(6) The position was shared until June 2003 with Ministry of Infrastructure which contributed its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule. In October 2003, the Ministry of Transportation created a new position of Director, Information Management Branch. This Director is not part of the Management Group and therefore his salary and benefits are not disclosed.
(7) The position is shared with the Ministry of Infrastructure which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.
(8) The position was shared until November 2002 with the Ministry of Infrastructure which contributed its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2004
(in thousands)

SCHEDULE 7

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry receives services under contracts managed by Alberta Corporate Service Centre (ACSC). Any commitments under these contracts are reported by ACSC.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2004	2003
Revenues		
Lottery Fund	$ 95,000	$ 65,000
	$ 95,000	$ 65,000
Expenses - Directly Incurred		
Air Transportation	$ 49	$ 47
Executive Vehicles/Central Vehicle Operations	11	26
ACSC	8,275	8,649
IT Services	940	1,725
	$ 9,275	$ 10,447
Tangible Capital Assets Transferred	$ 130,609	$ 46,108

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 8

	Other Entities	
	2004	2003
Revenue		
Road/Bridge Maintenance	$ 6,526	$ 5,860
Expenses - Incurred by Others (Schedule 8)		
Accommodation	$ 4,076	$ 3,956
Legal	578	396
	$ 4,654	$ 4,352

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2004
(in thousands)

SCHEDULE 8

	2004						2003
		Expenses - Incurred by Others		Valuation Adjustments (4)			
Program	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Vacation Pay	Doubtful Accounts	Expenses	Expenses
Ministry Support Services	$ 31,243	$ 335	$ 42	$ 202	$ -	$ 31,822	$ 28,994
Construction, Upgrading and Operation of Infrastructure	810,272	3,741	536	483	-	815,032	648,390
	$ 841,515	$ 4,076	$ 578	$ 685	$ -	$ 846,854	$ 677,384

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments

(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by square footage.

(3) Cost shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(4) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay - allocated to the program by employee,
- Doubtful Accounts Provision - estimated allocation to program.

LIST OF GOVERNMENT ENTITIES

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Dairy Control Board[2]	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Métis Settlements Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

[2] Dissolved August 1, 2003

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[3]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[3]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[3]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[3]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[3]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[3]	Human Resources and Employment
Ministry of Infrastructure[3]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[3]	International and Intergovernmental Relations
Ministry of Justice[3]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[3]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[3]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development

[3] Ministry includes only the departments so separate department financial statements are not necessary.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Persons with Developmental Disabilities Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

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